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FRANCHISE DISCLOSURE DOCUMENT

Los Taxes®
para nuestra gente

~~for our people~~

for our people

LOS TAXES FRANCHISE CORP
A Delaware corporation
~~717 N Union Street #123~~
~~Wilmington, Delaware 19805~~
11230 Triangle Lane
Wheaton, Maryland 20902
Telephone 855-Los-Taxes
www LosTaxes com
info@lostaxes com

This franchise is for the operation of a business providing services related to the preparation and filing of income tax returns, primarily for the Latino market

The total investment necessary to begin operation of a Los Taxes franchise is $~~4~~24,515 to $40,400 This includes $20,000 that must be paid to the franchisor and/or its affiliate, as appropriate

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English Read this disclosure document and all accompanying agreements carefully You must receive 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 Javier Solis at ~~717 N Union Street #123, Wilmington, Delaware, 19805~~11230 Triangle Lane, Wheaton, Maryland 20902, 855-Los-Taxes

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 ~~January 28, 2017 amended as of May 31, 2017~~ April 13, 2018

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit A for information about the franchisor or about franchising in your state

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

Please consider the following RISK FACTORS before you buy this franchise

1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN DELAWARE OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO ARBITRATE WITH US IN DELAWARE THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

~~3 THE FRANCHISEE WILL BE REQUIRED TO MAKE A TOTAL INITIAL INVESTMENT RANGING FROM $5,515 TO $60,600 THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 32016, WHICH IS $11,293~~

~~4 THE FRANCHISOR'S FINANCIAL STATEMENTS SHOW THAT ITS LIABILITIES EXCEED ITS ASSETS THIS MEANS THAT THE FRANCHISOR MAY NOT HAVE THE FINANCIAL RESOURCES TO PROVIDE SERVICES OR SUPPORT TO YOU~~

~~5~~ YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT

~~6~~4 YOUR SPOUSE MUST ALSO SIGN A ~~PERSONAL GUARANTEE MAKING~~DOCUMENT THAT MAKES YOUR SPOUSE ~~INDIVIDUALLY~~ LIABLE FOR ~~YOUR~~ALL FINANCIAL OBLIGATIONS UNDER THE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE THE GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS

~~7~~5 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective date See the next page for state effective dates

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	~~Pending~~
Connecticut	**Exempt, September 15, 2016**
Florida	**August 11, 2017**
Hawaii	*Not registered*
Illinois	**April 21, 2017 amended as of August 01, 2017**
Indiana	**September 06, 2017**
Kentucky	**September 2, 2016**
Maine	Exempt
Maryland	**January 17, 2017 amended as of September 11, 2017**
Michigan	**August 15, 2017**
Minnesota	*Not registered*
Nebraska	*Not registered*
New York	~~Pending~~January 22, 2018
North Carolina	**Exempt, September 19, 2016**
North Dakota	*Not registered*
Rhode Island	**September 2, 2017**
South Carolina	**Exempt, September 19, 2016**
South Dakota	*Not registered*
Texas	**Exempt, August 11, 2016**
Utah	*Not registered*
Virginia	**August 4, 2017**
Washington	~~**November 16, 2017**~~*Not registered*
Wisconsin	*Not registered*

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RECEIPT

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

The Franchisor

LOS TAXES FRANCHISE CORP ("we", "us" or "our") is a Delaware corporation that was formed on June 9, 2015 and has its principal place of business at ~~717 N Union Street #123, Wilmington, Delaware, 19805~~ 11230 Triangle Lane, Wheaton, Maryland 20902 We do business under the name and proprietary mark "Los Taxes" We will refer to the person or owner, partner or other entity who buys this franchise as "you" throughout this Disclosure Document

We are offering franchises for the operation of "Los Taxes" businesses (the "Center" or "Franchised Business") We do not own or operate a Center of the type being franchised We have never offered franchises in any other line of business We began selling franchises in June 2016 Our agents for service of process are listed in Exhibit A

We have never conducted business in any other line of business

Our Parents, Predecessors and Affiliates

We have no parent or affiliate

We have a predecessor, Los Taxes Inc ("Predecessor") a New York, corporation that was formed on May 4, 2007 and headquartered at 2812 Fulton Street, Brooklyn, New York 11207 Our Predecessor owns the Proprietary Marks (described below) which it has licensed to us so that we may sublicense them to our franchisees

Our Predecessor offered franchises from 2008 to 2009, and it sold ~~4 franchises. In addition~~1 franchise during that period of time, from 2009 to 2015, our Predecessor stopped offering franchises, but instead moved to a licensing program It sold ~~13~~8 licenses from 2011 to June 2015 In June 2015, our Predecessor turned over all of its franchising activities to us Our Predecessor is no longer conducting business and is not an approved supplier of any product or service that you must purchase

The System

Our system includes distinctively designed Centers including design, decor, color scheme, fixtures and furnishings, specific equipment, materials and supplies, methods, uniform standards, specifications and procedures for operations, procedures for management control, training and assistance, and marketing, advertising and promotional programs, all of which may be changed, improved and further developed (the "System") A Center operates under our System and prepares income tax returns and signs the returns as tax preparer in the manner required by law, so that taxpayers can sign, file, and pay any taxes due or receive any refunds owed You must offer income tax preparation services, electronic filing of returns, where available, and must provide any product or service that we specify and approve This may include Refund Anticipation Loans ("RALs"), Electronic Refund Checks ("ERCs"), Electronic Refund Deposits ("ERDs"), and other products and services related to income tax preparation, income tax filing or financial services (the "Services and Products") You must operate your Center in accordance with the standards and systems we designate and in accordance with the Franchise Agreement We may also require that you conduct tax preparation courses each year according to our guidelines The Services and Products are primarily targeted to the Latino community

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark "Los Taxes" as is now designated and together with such other proprietary marks as may in the future be designated by us in writing for use with the System (the "Proprietary Marks")

You must be able to demonstrate to us that you have satisfactory computer skills

The Franchise Offered

We offer you a franchise agreement (the "Franchise Agreement"), attached to this Disclosure Document as Exhibit C, which gives you the right to establish and operate one Center at a location mutually approved by you and us (the "Location") The Franchise Agreement gives you the right to use the Proprietary Marks and the System solely with the operation of the Franchised Business, and solely within your assigned Territory Each Center will offer the Services and Products under the Proprietary Marks

We also offer a conversion franchise agreement ("Conversion Franchise Agreement"), attached to this Disclosure Document as Exhibit C, which is offered to individuals or companies that already offer tax return preparation services and want to convert their businesses to a Los Taxes Center

Throughout this Disclosure Document, when we refer to an article or section in the Franchise Agreement, it also applies to the Conversion Franchise Agreement If there are any differences in the article or section references, they will be noted

Market and Competition

The market for the Services and Products includes primarily taxpayers of Latino heritage, but also includes all taxpayers The market is primarily seasonal, between January 1st and April 15th of each year, although we expect that your Center will be operated year-round The market for the Services and Products is not yet saturated but is highly competitive You will experience competition from individual tax preparers, such as accountants, as well as tax return preparation services, which may be national, regional or local businesses, such as Jackson Hewitt Tax Service, H&R Block Tax Service and Liberty Tax

Industry Specific Laws

You should consider that income tax preparation businesses are regulated by federal, state, and local laws, in addition to the laws, regulations, rules, and ordinances applicable to businesses generally

The Internal Revenue Service's Internal Revenue Code and associated regulations govern many aspects of the preparation and electronic filing of income tax returns The electronic filing of income tax returns is essential to this type of business You cannot file income tax returns electronically unless you can obtain an electronic filing identification number ("EFIN") from the Internal Revenue Service ("IRS") If you cannot obtain an EFIN, you cannot operate the franchise You will be screened by the IRS in order to obtain an EFIN If you do not pass the IRS background suitability check you will not be able to obtain an EFIN You will not pass this suitability check if you currently owe back taxes or penalties to the IRS, have an outstanding dispute with the IRS or a state tax agency, are not legally in the United States or for other reasons as determined by the IRS You may not pass this suitability check if you or an entity in which you were a principal were (was) assessed a tax preparer penalty, have been convicted of an IRS or monetary crime, have failed to file necessary income tax returns, have not paid withholding taxes or any other reasons set by the IRS If necessary, you agree to allow us to discuss your

EFIN status with the IRS and any state or local tax authorities You agree to authorize the IRS and any state or local tax agency to fully disclose to us any issues or problems regarding your EFIN

States have laws and regulations governing the preparation of state income tax returns Most states have regulations regarding the electronic filing of income tax returns However, many states accept federal suitability testing, so if you can obtain an EFIN from the IRS, you can and will be expected to electronically file state income tax returns should a client request this service Certain states also have privacy laws There may be other state laws and regulations that govern the practice of income tax preparation businesses

Tax Preparers The IRS regulates particular aspects of this type of business by requiring that tax preparers use appropriate diligence in income tax return preparation, sign the completed return, furnish a copy of the return to the customer, maintain a customer list, safeguard customer privacy, and not negotiate, directly or indirectly, income tax refund checks Tax preparers must verify returns and submit their signatures and tax numbers on all income tax returns prepared by them, and will be required to retain copies of all income tax returns prepared for at least four years Tax preparers will be required to participate in on-going training Tax Preparers must obtain the Preparer's Tax Identification Number "PTIN" and past the Annual Filing Season Program administered by the IRS Tax Preparers must comply with state regulations for Tax Preparers

Refund Anticipation Loans (RAL) The IRS and certain states regulate advertising associated with RALs Some states have regulations regarding the provision of income tax preparation services and/or RALs and also require submission and approval of a registration application as a "loan broker" or "credit services organization" in order to offer RALs, or to be able to offer them in exchange for a fee or consideration The laws in regard to these issues may change at any time and the federal government or other states and localities may also issue similar or new laws and regulations which impact the tax preparation business or some aspect of it

~~In California to accept an application fee or rebate for RALs, you must register with the California Department of Justice, Attorney General's Office in accordance with the California Credit Services Act Additionally, California is currently investigating the income tax return preparation industry to determine whether particular aspects of the RAL product need to be modified to conform to its laws California is reviewing the marketing and customer disclosures of this product and the manner in which employees in the income tax return preparation industry are trained to offer RALs and to collect on past due RAL debts~~

Tax Course Regulations Most states have rules and regulations for offering income tax return preparation instruction These requirements may include that you be licensed and bonded and may place restrictions on your advertising You may be required to submit an application regarding your proposed income tax return preparation courses and meet various requirements concerning instructors, course topics, facilities, and other matters We may assist you with obtaining information on the specific requirements in your area

Confidentiality of Consumer Data The Federal Trade Commission's Safeguards Rule requires that tax preparers use physical, administrative, and technological means to safeguard confidential customer data The Federal Gramm Leach Bliley Act requires that tax preparers advise customers of what type of confidential data they collect, the use made of this data and safeguards in place to protect it There may be other federal or state laws and agencies that govern the practice of income tax return preparation businesses

~~**California Business and Professions Code** – California Business and Professions Code Sec. 22250-22259 governs tax preparers in California. These laws establish certain requirements for tax preparers with the exception of certain professionals such as attorneys, certified public accountants, enrolled agents, and their employees. These laws require tax preparers to post a bond with the State of California, to be honest in their business practices, attain certain educational requirements, and fulfill annual continuing education requirements in income tax return preparation, register with the California Education Council, and maintain and provide income tax records to clients.~~

~~**Oregon Board of Practitioners.** The State of Oregon's Board of Tax Practitioners has certain registration requirements. For a more comprehensive review of its requirements, you should contact them at 3218 Pringle Rd. SE, Suite 120 Salem 97302-6308, telephone (503)378-4034 or http://www.oregon.gov/OTPB/.~~

The United States enacted the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (the "USA Patriot Act") We are required to comply with the USA Patriot Act To help us comply with the USA Patriot Act, we ask you in the Franchise Agreement to confirm for us that neither you nor your directors, officers, shareholders, partners, members, employees, nor agents are suspected terrorists or persons associated with suspected terrorists or are under investigation by the U S government for criminal activity You may review the Patriot Act and related regulations at

http //www treasury gov/offices/enforcement/ofac/sdn

You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Franchised Business This Disclosure Document does not contain all of the state and local laws and regulations with which you may need to comply to operate a Center It is your responsibility to determine what federal, state or local laws, regulations, rules, and ordinances are required for you to operate a Center and to comply with them during the term of the Franchise Agreement Before you decide to purchase a franchise, you should fully investigate all of the laws, rules, and ordinances for operating a franchise and should consult with an attorney to ensure your compliance with all laws, regulations rules, and ordinances associated with the operation of a Center

ITEM 2
BUSINESS EXPERIENCE

President and Chief Executive Officer – Javier Solis

Mr Solis has been our President and Chief Executive Officer since our inception, June, 2015 Since December 1999 Mr Solis has also been President of E-File Tax Group, Inc d/b/a Los Taxes located in Brooklyn, New York

Chief Operating Officer – Maria Jose Solis

Mrs Solis has been our Chief Operating Officer since our inception, June, 2015 Since 2007 she has been preparing taxes with E-File Tax Group, Inc d/b/a Los Taxes located in Brooklyn, New York

Director of Development – Robert Beeman

Mr Beeman has been our Director of Development since June, 2015 He was also a Director with our predecessor corporation, Los Taxes Inc from 2011 to June 2015

Director of Strategic Alliance – Michael Nathans

Mr Nathans has been our Director of Strategic Alliance since June 2015 He was also a Director with our predecessor corporation, Los Taxes Inc from November 2014 to June 2015 Since 1987, Mr Nathans has also served as the President of Penn Capital, Inc, Annapolis, MD As of 2010, he has also served as Senior Fellow and Advisory Board Member of Policy and Economic Research Council and President of Good-Thrift Benefit Corporation, Annapolis, MD

ITEM 3
LITIGATION

Commonwealth of Virginia, ex rel State Corporation Commission v Javier Solis and Los Taxes, Inc - Case No Sec-2017-00026 – Initial filing date 2008 – In August 2016, when we submitted franchise registration application with the Division, the Division discovered that we had offered and sold an unregistered franchise location in Arlington, Virginia, in 2013 Although, we neither admitted nor denied any allegations, we did consent to the Commission's jurisdiction and authority to enter into a settlement This matter was settled and the case was dismissed We paid $3,000 in monetary penalties and $500 for the cost of investigation to Treasurer of Virginia

Except for this case, no other litigation information is required to be disclosed in this Item

ITEM 4
BANKRUPTCY

In December 2008, Maria Jose Solis filed personal bankruptcy by filing a personal petition in *In re Maria Jose Miranda* United States Bankruptcy Court, District of Maryland, Case No 09-13424, for protection under Chapter 7 and was discharged from debt on June 15, 2009

ITEM 5
INITIAL FEES

In the State of Illinois, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating However, you must execute the Franchise Agreement prior to looking for a site or beginning training

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement

The California Department of Business Oversight requires us to defer the initial franchise fee until after the franchisor's initial obligations are complete.

You must submit an application to become a franchisee under the Los Taxes System We do not have an application fee and we reserve the right to disapprove your franchise application if you cannot satisfactorily prove to us that you have sufficient computer skills to operate the franchise We fully earn the franchise fee when paid It is not refundable under any circumstances

Upon execution of the Franchise Agreement you must pay to us an initial franchise fee The initial franchise fee for your first franchise is $20,000 If you purchase a second franchise or more franchise, we will reduce the initial franchise fee by 50% to $ 10,000 per franchise We reserve the right to not grant additional franchises to you if you are not in compliance with your existing Franchise Agreement(s) The initial franchise fee is imposed uniformly for new franchisees and conversion franchisees However, we reserve the right to reduce Initial Franchise Fee and Royalty Fee for the following

1 Employees of Franchisor may qualify for 75% discount on the Initial Franchise Fee and 0% discount of the Royalty Fee Each application is carefully reviewed for approval Restrictions apply

2 Regional Affiliates may qualify for 75% discount on the Initial Franchise Fee

3 Franchisees may qualify for 75% discount on the Initial Franchise Fee if a Center has a database of 1,000 or more clients

4 Franchisor may waive the Initial Franchise Fee and 20% discount of the Royalty Fee for qualified franchisees if a Center has a database over 2,000 or more clients

There are no other initial fees and payments for services or goods received from us or our affiliates before the business opens All fees are non-refundable

ITEM 6
OTHER FEES

Name of Fee	Amount	Date Due	Remarks
Royalty	$25 per tax return preparer at each tax center	Payable weekly (on Wednesdays) during tax season and monthly (on the 10th day of the month) the remainder of the year	We will collect all Royalties via electronic funds transfer from your checking account Funds must be made available in your account for withdrawal We may require payment other than by electronic funds transfer, and you must comply with our payment instructions See Note 1
Bank Product Fee	$10 per tax return using a bank product if permitted by law, additional charges may apply	At inception of franchise and thereafter on April 30th – payable in the same manner as the Royalty Fee	This fee is for bank products that your clients request, such as Instant Refund Anticipation Loans, Refund Anticipation Loans, and Bonus Check

Name of Fee	Amount	Date Due	Remarks
eStorage Fee	$5 per tax return preparer at each tax center	Payable weekly (on Wednesdays) during tax season and monthly (on the 10th day of the month) the remainder of the year	This fee is to storage all client's tax returns and documents in a secure cloud server In the event the franchisee losses his data, we will be able to recover everything
Advertising Fund	N/A	N/A	We have not yet established the Fund No fee currently applies Should a fee apply in the future it will cover the cost of preparing advertising for the next tax season a budget will be prepared for the year's advertising and then divided among the franchises in the covered areas equally If its established, its 1% of Gross revenue
Local Advertising	Not required, but strongly recommended		If you choose to conduct advertising and promotion in your Territory, all advertising you propose to use must first be approved by us
Transfer	$2,000	Upon transfer	No fee is imposed for a one-time transfer to a corporate entity formed by you for the convenience of ownership
Renewal	$2,500	Upon execution of renewal Franchise Agreement	
Annual Dues	$ 1,750	Payable annually by October 1st	Fees are payable to us to cover updates of our e-training system, income tax preparation software, and web-management application
Relocation Fee	$1,500 plus our costs to update our website and other related costs, a maximum of $3,000	On demand	If you relocate your Center during the term of the Franchise Agreement

Name of Fee	Amount	Date Due	Remarks
Audit	(a) the amount of the deficiency plus late payment charges, (b) if audit is due to non-reporting or understatement, then the cost of inspection is also your responsibility ($250 minimum)	15 days after billing	You pay twice the deficiency, if an audit reveals understatement of greater than 2% or if you fail to furnish information in a timely fashion, you pay twice the deficiency and can be terminated
Interest on Late Payments	Lesser of 1 5% per month or highest rate allowed by law The maximum interest rate in California is 10% annually	Upon billing	Payable on all overdue amounts
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement
Liquidated Damages	See footnote 2	15 days after termination	
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your Center's operations
Testing	Non-refundable fee for cost of testing, ranging from $100 to $250	15 days after billing	This covers the cost of testing new products or inspecting new suppliers you propose This can be paid by the supplier
Prohibited Product or Service Fine	$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us
Software Fee	None		We reserve the right to develop proprietary software for our Centers If we do so, we may charge you for the software license and for upgrades
Insurance Fee	A reasonable amount based on our expenses	On demand	If you fail to maintain the required insurance, we may (but need not) obtain insurance for you If we do, we will charge you a fee, plus the premium cost

All fees are uniformly imposed by and payable to us, except for your local advertising expenses or as otherwise noted, and are non- refundable

1 If you do not report the Center's activity, we may debit your account for the same Royalty that we most recently debited If the Royalty we debit is less than the Royalty you actually owe us, we will debit your account for the balance on a day we specify If the Royalty we debit is greater than the Royalty you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week (or month, as applicable)

2 If we terminate the Franchise Agreement with cause, you must pay us liquidated damages equal to the average monthly value of the Royalty Fees you paid to us during the most recent 12 months of operation before the termination multiplied by (a) 24, being the number of months in two full years, or (b) the number of months remaining in the Franchise Agreement had we not terminated it, whichever is lower

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Paid
Application Fee	$0 00	Lump Sum	On application	Us
Initial Franchise Fee (1)	~~$0 00 to~~ $20,000	Lump Sum	On execution of Franchise Agreement	Us
Equipment, Furniture and Fixtures (2)	$1,000 to $3,000	As Arranged	As Arranged	Suppliers
Computer System (3)	$500 to $1,500	As Arranged	As Arranged	Suppliers
Signage (4)	$250 to $1,500	As Arranged	As Arranged	Suppliers
Real Property – per month (5)	$400 to $2,000	Monthly	As Arranged	Lessor
Security Deposits (6)	$400 to $5,000	As Required	As Incurred	Utility Companies, Landlord
Initial Inventory and Operating Supplies (7)	$200 to $800	As Arranged	As Arranged	Suppliers
Grand Opening Advertising (8)	$250 to $1,000	As Arranged	As Incurred	Suppliers
Expenses during Initial Training (9)	$0	As Arranged	As Incurred	Airline, Hotel, Restaurant, etc

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Paid
Insurance – per month (10)	$15 00 to 100	As Arranged	As Incurred	Insurers
Business Permits, Licenses and Bonds (11)	$0 to $500	As Arranged	As Incurred	Government Agencies
Additional Funds - 3 months (12)	$1,500 to $5,000	As Needed	As Needed	Vendors, Suppliers, Employees, etc
TOTAL (13)	~~$424~~,515 to $40,400			

In general none of the expenses listed in the above chart are refundable, except any security deposits you are required to make may be refundable If you are converting an existing business to a Los Taxes Center, your estimated initial investment may be lower

1 Franchise Fee Please see Item 5 for a detailed discussion of the initial franchise fee The low end of the range will apply if we waive the Initial Franchise Fee for qualified franchisees who's Center has a database over 2,000 or more clients

2 Equipment, Furniture & Fixtures You will need a copier, desks, office chairs, guest chairs, telephone system, and a high speed internet connection

3 Computer System You will need to purchase or lease a computer for your Center and you will be required to use e-fax capability See Item 11

4 Signage The estimate in the above chart includes both your interior and exterior signage The ordinance of the town or municipality in which your Center is located may determine certain aspects of your exterior signage, such as size or color

5 Real Property You will need to rent office space of approximately 100 square feet in size We have not included an allowance in the chart for leasehold improvements to your office space, as we expect that you will find space that will not require improvements, such as a broker or mortgage office This type of office space is satisfactory to us and will not require improvements

The rent estimates are for the start-up phase The initial period or start-up phase for the operation of your Center is 3 months

6 Security Deposits We estimate that you will need to provide deposits for utilities The amount of these deposits will vary depending upon the practices of the utility companies and your creditworthiness In addition, you may have to give your landlord one to three months of rent as a security deposit

7 Initial Inventory and Operating Supplies This includes typical office supplies you will need for your Center

8 Grand Opening Advertising Prior to opening the Franchised Business, the advertising which you need may include media buys and promotional items The grand opening must be conducted within 60 days of opening, and we reserve the right to have you remit this money to us so that we may conduct the program on your behalf We must approve your grand opening advertising campaign before it is conducted

9 Expenses during Initial Training Our training is provided via an on-line tutorial, so we do not anticipate that you will need to travel to complete the training program

10 Insurance The figures in the chart are monthly premium expenses In rare cases, you will have to pay the entire annual premium in a lump sum, generally you pay your premiums monthly, quarterly or semi-annually

11 Business Licenses Permits and Bonds These are estimated costs for the licenses, permits and bonds you are required to maintain for your Center If you are not required to obtain any licenses, permits and bonds to operate your Center, your costs would be $0

12 Additional Funds You will need capital to support ongoing expenses, such as rent, payroll, utilities, and local advertising to the extent that these costs are not covered by sales revenue for your first three months of operation New businesses often generate a negative cash flow We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after

13 Total Capital Required We relied upon our principals' experience since 1991 in the tax preparation business when preparing these figures However, these figures are merely estimates and there is no assurance that additional working capital will not be necessary during this initial phase or after

14 Financing of Initial Investment We do offer direct in house financing of the initial investment with the following terms 25% down payment upon fully executed agreement and disclosures and the balance financed at 4 25% annual interest rate for 10 years We do not offer indirect financing See also, Item 10 Your payment amounts will range between $294 95 - $1275 76 per month There is no security interest required and no pre-payment penalty

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Our reputation and goodwill is based on, and can be maintained only by, the sale of high quality Services and Products and the presentation, packaging, service and sale of those services, products and materials in an efficient and appealing manner We have developed standards and specifications for various services, products, materials and supplies sold at or used in the operation of our Centers You must operate your Center according to these standards These standards will regulate the types, models and brands of required fixtures, furnishings, equipment, signs, materials and supplies to be used in operating your Center, required or authorized equipment, products and services offered to customers and product categories and designated or approved suppliers of such items (which may be limited to or include us) You may only purchase your marketing materials and other items containing the Proprietary Mark from an approved supplier A list of the approved suppliers will be provided to you

We will provide you with the approved income tax return preparation software to prepare and file the income tax returns We will also provide you with our web management system for accounting and reporting for your Center Currently we are the only approved supplier of the approved income tax return preparation software and the web management system for accounting and reporting The income tax return preparation software will provide you with the ability to electronically file individual federal and state income tax returns, where available You must have a valid EFIN to utilize the electronic filing feature The cost for the income tax return preparation software is included in the initial franchise fee for the first year, and included in the annual fee for each year thereafter The income tax return preparation software is not our proprietary property We do reserve the right to change to a different income tax return preparation software vendor We also reserve the right to develop our own proprietary income tax return preparation software and require you to use it

We do not provide assistance with providing equipment, signs, fixtures, opening inventory, and supplies

We are not the only approved supplier There are no approved suppliers in which any of our officers owns an interest

All of your required purchases represent approximately 65% to 75% of your total purchases in connection with the establishment of your Center and approximately 75% to 80% of your overall purchases in operating the Center

The franchisor does not negotiate purchase arrangements with suppliers including price terms for the benefit of franchisees Neither we, nor our affiliates have received consideration for such considerations

For the fiscal year ended December 31, 2017~~2016~~, we did not derive any revenues from required purchases or leases

If you want to use any product, material or render any service that does not comply with the standards of the System or is to be purchased from a supplier that has not yet been approved, you must first submit a written request for approval of the proposed supplier and obtain our approval of the supplier before purchasing any items from this supplier Depending on the nature of your request, we may charge you a reasonable non-refundable testing fee (~~not~~ranging from $100 to ~~exceed $250 per~~$250per request) to cover the costs we incur in making this determination and will, within a reasonable time (within 30 days), notify you of our decision We will establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments, financial stability, integrity of standards of service, familiarity with our System and ability to negotiate favorable terms for our franchisees We do not generally make available to you these criteria for supplier approval

There are currently no purchasing or distribution cooperatives, but we reserve the right to establish these in the future We reserve the right to receive administration fees or rebates from suppliers that we designate and have discretion as to whether we keep these rebates or fees or pass them along to our franchisees or contribute them to the advertising fund

We do not provide any material benefit to franchisees for use of approved suppliers We may negotiate purchase arrangements with some of our suppliers (including price terms) for the benefit of our franchisees, but we are under no obligation to do so We do not currently receive payment, in the form of preferred pricing, from any suppliers due to such suppliers' transactions with us or our franchisees

You must purchase all equipment, products and items used or offered for sale at your Center for which we have established standards or specifications solely from suppliers (including manufacturers, distributors and other sources) who demonstrate, to our continuing reasonable satisfaction, the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us in the Confidential Operations Manual or otherwise in writing You must not sell or offer for sale any products of the proposed supplier until our written approval of the proposed supplier is received We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards Upon receipt of written notice of such revocation, you must cease to sell any disapproved products and cease to purchase from any disapproved supplier There certain instances where you may obtain supplies from any source, such as copy paper, pens and other office supplies

We may conduct market research and testing to determine consumer trends and salability of new products, materials and services You must cooperate by participating in our market research programs, test marketing new products and services and providing timely reports and other relevant information regarding marketing research In connection with such test marketing, you must purchase a reasonable quantity of products to be tested and effectively promote and make a reasonable effort to sell such products materials and services

You may not, (a) sell any product or service at or from any place except your Center, or (b) prepare or deliver any product or service from any place other than your Center

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, such insurance coverage that we require We may regulate the types, amounts, terms and conditions of insurance coverage required for your Center and standards for underwriters of policies providing required insurance coverage, our protection and rights under such policies as an additional named insured, required or impermissible insurance contract provisions, assignment of policy rights to us, periodic verification of insurance coverage that must be furnished to us, our right to obtain insurance coverage at your expense if you fail to obtain required coverage, our right to defend claims, and similar matters relating to insured and uninsured claims

You currently are required to maintain, in the amounts we prescribe, the following insurance coverage (1) comprehensive public liability insurance, including employment practices coverage, against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of your Center or your conduct of business pursuant to the Franchise Agreement under one or more policies of insurance containing minimum liability coverage of $1,000,000, (2) general casualty insurance including fire and extended coverage, vandalism, theft, burglary and malicious mischief insurance for the replacement value of your Center and its contents, (3) Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state in which your Center is located, (4) business interruption insurance for a period adequate to re-establish normal business operations with coverage adequate to coincide with the value of your Center premises and its contents, (5) errors and omissions insurance containing minimum liability coverage of $1,000,000, and (6) any other insurance that may be required by the terms of your lease or by state or federal law You must maintain all required policies in force during the entire term of the Franchise Agreement and any renewal terms We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances Each insurance policy must name us (and, if we request, our directors, employees or shareholders) as additional insureds and must provide us with 30 days' advance written notice of any material modification,

cancellation or expiration of the policy You are required to maintain the errors and omissions insurance for an additional two years after your Franchise Agreement is terminated or expires

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		Article in Franchise Agreement	Item in Disclosure Document
(a)	Site selection and acquisition/lease	Article III	Items 7 and 11
(b)	Pre-opening purchases/lease	Article III	Items 5 7 and 8
(c)	Site development and other pre-opening requirements	Article III	Items 7 and 11
(d)	Initial and ongoing training	Article VII	Items 6, 7 and 11
(e)	Opening	Article III	Item 11
(f)	Fees	Articles II, V, VI and XVI	Items 5, 6, 7 and 11
(g)	Compliance with standards and policies/Operations Manual	Articles IX and XI	Items 8, 11, 14 and 16
(h)	Trademarks and proprietary information	Articles X and XI	Items 13 and 14
(i)	Restrictions on products/services offered	Articles I and IX	Items 8 and 16
(j)	Warranty and customer service requirements	None	None
(k)	Territorial development and sales quotas	None	Item 12
(l)	On-going product/service purchases	Article IX	Item 8
(m)	Maintenance, appearance and remodeling requirements	Articles IV and IX	Item 11
(n)	Insurance	Article XII	Items 7 and 8
(o)	Advertising	Article VI	Items 6, 7 and 11
(p)	Indemnification	Article XX	Item 6
(q)	Owner's participation/ management/staffing	Articles VII and IX	Items 11 and 15
(r)	Records/reports	Article V	Item 6
(s)	Inspection/audits	Articles V, VIII and IX	Item 6

Obligation		Article in Franchise Agreement	Item in Disclosure Document
(t)	Transfer	Article XVI	Items 6 and 17
(u)	Renewal	Article II	Items 6 and 17
(v)	Post-termination obligations	Article XIV	Item 17
(w)	Non-competition covenants	Article XV	Item 17
(x)	Dispute resolution	Article XXI	Item 17
(y)	Liquidated Damages	Article XIV	Item 6
(z)	Guaranty	Exhibit "F"	Not Applicable

ITEM 10
FINANCING

After considering your financial condition and creditworthiness, we may offer to finance all or part of your Initial Franchise Fee for up to 10 year(s) We permit you to pay the calculated amount over the contract period, with interest at 4 25% We do not take any security interests from you and there is no pre-payment penalty If you elect to pay off the entire amount during the contract period, you will not be penalized for the remaining months as long as you pay the principal portion due in full All interest earned prior to this conversion is considered earned by us

Except as described above, we do not offer financing or arrange for financing from other sources We will not guarantee your obligations to third parties We do not receive payment from any person for the placement of financing with such person

We do offer direct in house financing with the following terms 25% down payment upon fully executed agreement and disclosures and the balance financed at 4 25% annual interest rate for 10 years There is no security interest required and no pre-payment penalty

We or any persons we are affiliated with do not guaranty any notes

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

Except as listed below, Los Taxes Franchise Corp , is not required to provide you with any assistance

Before you open your Center, we will

1 Consult with you on the location for your Center, which we anticipate will be an office space that will not require leasehold improvements (Franchise Agreement – Article III)

2 Consult with you regarding the development of your Center, including lists and specifications of approved equipment and signs needed to outfit your Center in accordance with our uniform image and standards (Franchise Agreement – Article IV)

3 Lend you one copy of the Manual (Franchise Agreement – Section 8 1C) This Manual remains our property

4 Train you the cost of which is included in your initial franchise fee (Franchise Agreement – Section 7 2) This training is described in detail later in this Item

5 Provide, in addition to or in conjunction with the initial training program, assistance in the opening of your Center for a period of time prior to its opening (Franchise Agreement – Section 8 1A)

6 Provide a list of approved suppliers or vendors for signs, equipment, opening inventory and other items required by us We do not deliver or install any items required to open or operate your Center You shall arrange pick-up or delivery and installation and maintenance of these items at your own expense

7 Lend during the term of the Agreement our Manual containing mandatory specifications, standards, methods, techniques, requirements and instructions

During the operation of your Center, we will

1 Provide guidance and assistance in the operation of your Center Such guidance may be provided in the form of correspondence, field visits and periodic telephone or written communications, and will cover topics such as products or services to be offered to customers, improvements and developments in your Center, pricing, administrative, bookkeeping, accounting and inventory control procedures, and operating problems encountered by you (Franchise Agreement – Section 8 1B)

2 Issue, modify and supplement standards for the System that may regulate any one or more of the following regarding your Center (a) hours of operation, (b) methods of preparation, (c) testing marketing and sale of products and services, (d) instructions on the performance of specific employees' duties, (e) maintenance of equipment, (f) checklists (g) records preparation and retention, (h) general rules and regulations for employees, and all other matters that in our sole judgment require standardization and uniformity in all Centers (Franchise Agreement – Section 8 1D)

3 Maintain an advertising fund ("Fund") (Franchise Agreement – Article VI)

Advertising Fund

As of the date of this Disclosure Document, we have not yet established the Fund When we establish this Fund, you will be required to pay an annual non-refundable Advertising Fee to the Fund (see Item 6) The Advertising Fee will be used for national and/or regional advertising, publicity and promotion relating to our business and will be concentrated prior to and during tax season We will determine, in our fully unrestricted discretion, the manner in which the Advertising Fee will be spent Some portion of the Advertising Fee may be used for creative concept production, marketing surveys, test marketing and related purposes We have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation We also have the right to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of these advertising and promotional activities We are not required to make expenditures for you that are equivalent or proportionate to your Fund contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising Any monies remaining in the Fund at the end of any year will carry over to the next year

The Advertising Fee is intended to maximize general public recognition in all media, of the Proprietary Marks and patronage of "Los Taxes" Centers and we have no obligation to ensure that expenditures of the Advertising Fee in or affecting any geographic area are proportionate or equivalent to payments of the Advertising Fee by franchisees operating in that geographic area, or that any Center will benefit directly or in proportion to the Advertising Fees paid by you from the development of advertising and marketing materials or the placement of advertising We have the right to reimburse ourselves out of the Advertising Fee for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Advertising Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Advertising Fee) and in addition, for the services provided, we will receive out of the Advertising Fee an administrative fee (not to exceed 10% of the monies in the Fund) to cover our services, salaries, supplies and overhead expenses No portion of the Fund will be used to solicit franchisees

Centers owned by us will be required to pay the annual Advertising Fee on the same basis as you Funds from the Advertising Fees paid will be kept separate and distinct and will be accounted for separately from our other funds These funds will not be used to defray any of our general operating expenses except as described in the paragraph above We will prepare, and furnish to you upon written request an annual statement of funds collected and costs incurred

Local Advertising

You are not required to conduct advertising in your local area or territory, but we recommend that you do Any advertising and promotion that you propose to use must have our prior written approval, and in connection with this approval, we may permit you to use your own advertising material Any advertising or promotional materials you submit to us for our review will become our property

We do not anticipate forming advertising cooperatives, advertising councils, or advisory councils

We will not spend any amount on advertising in your local area or territory

Grand Opening Advertising

You must conduct a grand opening advertising campaign in connection with the grand opening of your Center You must submit your grand opening advertising campaign plans to us for our approval prior to placing the advertising We reserve the right to actually conduct this grand opening on your behalf with your funds You must also advertise the name and location of your Center continuously in the classified or Yellow Pages sections of each local telephone directory distributed within your area under the listing as may be approved by us

The initial fee for grand opening advertising will be $250-$3000

Website

Except as we otherwise approve in advance, you may not establish or maintain any Website, or otherwise maintain a presence or advertise on the Internet or any other public computer network, in connection with your Franchised Business We may withhold our approval for any reason or no reason If we permit you to build a Website, you must comply with the following requirements, in additions to those we may set forth in the Confidential Operations Manual ("Manual" or "Operations Manual") or otherwise in writing

You may only use Web materials, Web pages, and Website content which we have approved in advance in writing You must promptly incorporate on, and remove from, your Website any information we require You must provide on your Website all hyperlinks or other links we require You are prohibited from using the Proprietary Marks on your Website except as we expressly permit You are prohibited from posting or including any confidential information (as described in the Franchise Agreement) or any other copyrighted material or information on your Website without our prior written approval You must not modify your approved Website without our prior written approval We may provide you with materials for your Website, which you must adapt and use, but we will at all times remain the owner of the copyrights for all material which appears on your Website You must obtain our prior written approval for each Internet domain name and/or home page address you use in connection with your Website, and we will at all times remain the sole owner of the domain name and/or home page address for the Website you maintain (Franchise Agreement – Section 6 5)

We expect to create a Web page on our Website for each of our franchisees There are no additional costs for creating or maintaining your Web page, except that if you relocate your Center we may charge you for our costs related to amending your Web page

We anticipate establishing a web-based management system When established, this system will house our Confidential Operations Manual and provide us with the means to monitor your progress, provide assistance where necessary, and will provide you with the tools for reporting to us

Site Selection and Opening

The Franchise Agreement requires that your Center must be opened for business not later than 120 days after the Franchise Agreement is executed You may not open your Center for business until (1) you have complied with all requirements regarding site selection, leasing of the site and construction of the Center, if you choose to lease a space for your Center and it requires construction or build-out, (2) we determine that your Center has been constructed, decorated, furnished, equipped and/or inventoried in accordance with plans and specifications we have approved, (3) the initial training program we provide has been completed to our satisfaction by all required persons, (4) the initial franchise fee and all other amounts due to us have been paid, (5) you have furnished us with all certificates of insurance required by the Franchise Agreement, (6) you have obtained all required governmental permits, licenses, bonds and authorizations necessary for the operation of your Center, (7) you are in full compliance with all the terms of the Franchise Agreement, and (8) all items in our opening checklist have been complied with to our satisfaction

You will need approximately 100 square feet of office space, and the space must meet our criteria The factors which we consider in approving your location include the traffic patterns, population density and projected growth, parking availability, ingress and egress, size and cost of property, competition and other similar factors

Our approval of a site for your Center, is not a representation, warranty or guarantee that you will be successful at such site Our approval only means that the site meets our minimum criteria for a Los Taxes Center If we and you cannot agree on a site, we may terminate your Franchise Agreement In the event we do not approve a proposed site by written notice to you within 30 days, such site shall be deemed disapproved by us If we cannot agree on a proposed site, we may elect to terminate the Franchise Agreement and keep the entire initial franchise fee

Training Programs

Before the Center's opening, we will provide you with a mandatory training program in the operation of your Center The cost for the initial training program for you is included in the initial franchise fee Our initial training program is available on-line, 24 hours a day and is available for you and all of your employees The training program includes live assistance that is available twice a week to tax practitioners We may provide the live assistance more frequently in order to ensure that our franchisees are trained before the beginning of tax season We anticipate that the entire training program will take one to two months to complete Depending on the prior experience of the trainee, he or she may complete this training program in less time Trainees must complete the training program and be certified before being permitted to prepare tax returns

We will also have an annual web-based refresher training program/ courses that will be mandatory for all franchisees and their employees that prepare tax returns We may waive this requirement in our sole discretion As with initial training, the annual training must be completed and the trainee must be certified before being permitted to prepare tax returns Since this program is available on-line, you will not incur additional expenses to participate Except as described above, there are no other additional required training programs or refresher courses

All franchisees and their employees must be trained to our satisfaction at least thirty (30) days before the Center's opening

The materials you will use during the training program include the web-based product and our operations manual We project the following training schedule

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Introduction	1	0	New York/Philadelphia Delaware/Maryland
Filing Status	2	0	New York/Philadelphia Delaware/Maryland
Dependents	2	0	New York/Philadelphia Delaware/Maryland
Exemptions and Standard Deductions	2	0	New York/Philadelphia/ Delaware/Maryland
Income	2	0	New York/PhiladelphiaDelaware/Maryland

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-the-Job Training	Column 4 Location
Child and Dependent Care Credit	2	0	New York/Philadelphia/ Delaware/Maryland
Earned Income Credit	2	0	New York/Philadelphia/ Delaware/Maryland
Schedule C	2	0	New York/Philadelphia/ Delaware/Maryland
Education Credits	2	0	New York/Philadelphia/ Delaware/Maryland
Individual Retirement Accounts	2	0	New York/Philadelphia/D elaware/Maryland
Income Tax Preparation Software	5	0	New York/Philadelphia/D elaware/Maryland
Los Taxes Web Management System	3	0	New York/Philadelphia/D elaware/Maryland

As previously noted, this is a web-based training program The training sessions are held twice each week, so we expect that the overall training itemized above will take approximately 14 sessions, or seven weeks, to complete

Our principals, Javier Solis and Maria Jose Solis along with trained and certified instructors, will be providing the live assistance portion of training You can attend the live training in any of our listed locations referenced in the above chart Mr Solis has 26 years of experience as a tax practitioner and has been an education provider for the last 20 years Mrs Solis has been an instructor since 2007 and has been preparing tax returns since 2001

Computer System

You must have one computer system for each tax return preparer at your Center Each computer must have a high speed internet connection, or may be connected to a server with a high speed internet connection We do not specify the kind or type of computer system that you must obtain and operate, and we do not take on any responsibility for maintaining or upgrading any computer equipment that you operate We strongly recommend that you maintain an on-site service contract for your computer systems

The cost of the computer system ranges from $4,000 to $5,000

Since an on-site service contract is not required, we cannot estimate your annual cost to maintain your computer system The cost will depend, in part, on the services you choose and the length of the contract Some maintenance contracts average $75-$150 per month

We cannot provide an estimate of the cost you will incur to obtain, maintain or upgrade the computer system that you select We have the right to independently access your computer system, the data in it, and the reports it creates at any time We can do this both at your Center and electronically There are no contractual limitations on our right to access the information in your system

Your computer system must be capable of running the tax preparation software we specify at optimum efficiency We will provide you with the approved income tax return preparation software to prepare and file the income tax returns We will also provide you with our web management system for accounting and reporting for your Center The income tax return preparation software will provide you with the ability to electronically file individual federal and state income tax returns, where available You must have a valid EFIN to utilize the electronic filing feature The cost for the income tax return preparation software is included in the initial franchise fee for the first year, and included in the annual fee for each year thereafter The income tax return preparation software is not our proprietary property We do reserve the right to change to a different income tax return preparation software vendor We also reserve the right to develop our own proprietary income tax return preparation software and require you to use it

Confidential Operations Manual

You must operate your Center according to the standards, methods, policies and procedures specified in the Manual One copy of the Manual is loaned to you by us for the term of the Franchise Agreement after you complete the initial training program to our satisfaction The Manual may be in paper or electronic format

You must treat the Manual and any other of our manuals which are used in the operation of your Center, and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part or otherwise give them to any unauthorized person The Manual will remain our sole property and must be kept in a secure place on the Premises If you lose your copy of the Manual or need an additional copy, we will provide it to you at our then-current fee (see Item 6)

We may modify the Operations Manual periodically to reflect changes in System Standards, but these modifications will not alter your fundamental rights or status under the Franchise Agreement and you must comply with each modification You must keep your copy of the Operations Manual current and communicate all updates to your personnel in a timely manner If there is a dispute over its contents, our master copy of the Operations Manual controls and it is maintained by us at our home office

The system standards do not include any personnel policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Operations Manual or otherwise for your optional use You will determine to what extent, if any, these policies and procedures might apply to your operations at the Center We neither dictate nor control labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of the Center employees or patrons

The Table of Contents of the Confidential Operations Manual is attached to this Disclosure Document as Exhibit F The Operations Manual includes approximately 65 pages of material

ITEM 12
TERRITORY

The Franchise Agreement grants you the right to operate your Center only at your selected Location You will operate the single Center at the approved Location in an exclusive territory covering a geographic area designated in Exhibit A to the Franchise Agreement ("Territory") This is your exclusive territory Territory size is based on population, but may be expressed as a mileage radius around your Center A smaller Territory will contain less than 20,000 people, and a larger Territory will contain 20,000 to 30 000 people, and you may also purchase additional Territories (see Item 5) We obtain the population count through the United States Census bureau There are no restrictions on servicing commercial accounts

You may advertise outside of your Territory and you may service clients outside of your Territory

You may relocate your Center only with our prior written approval Our approval will be based upon many factors, including the viability of the then-current location and demographics (including number of households, size of the space and rental costs relating to the proposed location) You may not relocate your Center without our prior approval Our approval will not be unreasonably withheld This approval should not be construed as an assurance or guaranty that the new site will be successful Our approval is based on certain limited set of factors, such as the Business Population Index, traffic patterns, availability of parking, size of the space, lease terms, competition, and similar factors

Except for the Territory that you are granted during the term of the Franchise Agreement, we (and any affiliates that we periodically might have) have the right

(1) To establish and operate, and grant rights to other franchise owners to establish and operate, Centers or similar businesses at any locations anywhere outside of your Territory and on any terms and conditions we deem appropriate,

(2) To sell Services and Products identical or similar to, or dissimilar from, those your Center sells whether identified by the Proprietary Marks or other trademarks or service marks through any distribution channels we think best (including mail order and the Internet), wherever located or operating, the physical premises of which are located outside of your Territory,

(3) To sell any Services and Products through any distribution channels we think best (including, but not limited to, mail order and the Internet), wherever located or operating, the physical premises of which are located anywhere, except in your territory,

(4) To purchase or otherwise acquire the assets or controlling ownership of one or more businesses identical or similar to your Center (and/or franchise, license, and/or similar agreements for such businesses), some or all of which might be located anywhere If there is such a purchase or other acquisition, we may (a) with respect to those businesses which are within a reasonable distance to your Center and are not franchised or licensed, (i) offer to sell these businesses to you or to any third party at their fair market value to be operated under our System, or (ii) offer you the opportunity to operate those businesses in partnership with us under their original trade identities or a different trade identity that does not include the Proprietary

Marks We have the right to choose which of these alternatives we think best, and our decision to offer you these opportunities will be conditioned upon certain factors, including whether you are in compliance with your Franchise Agreement, or (b) with respect to those businesses which are franchised or licensed, act as franchisor and/or licensor of those businesses in compliance with the then-effective franchise and/or license agreements,

(5) To be acquired (regardless of the form of transaction) by a business identical or similar to Los Taxes Centers, even if the other business operates, franchises and/or licenses competitive businesses near your Center, and

(6) To engage in any other business activities not expressly prohibited by the Franchise Agreement anywhere, except in your Territory

You may sell the Services and Products to clients who live anywhere but who choose to use your 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 Territory You have no options, rights of first refusal, or similar rights to acquire additional franchises

We may sell products and services under the Proprietary Marks within and outside your Territory through any method of distribution other than a dedicated Los Taxes Center including sales through such channels of distribution 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 Territory except as described in the following paragraph 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 requests for tax preparation services or any other products or services offered by a Los Taxes Center calling for delivery or performance in your Territory, then we will offer the request to you at the price we establish If you choose not to fulfill the request or are unable to do so, then we 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 will forward such requests based on the zip code of the client

We have not established other franchised or company-owned Centers 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

We have not established, or presently intend to establish, other franchised or company-owned Centers which sell 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

Continuation of your exclusive territory does depend on your achieving a certain sales volume, market penetration, or other contingency, or we may terminate your agreement By the third anniversary of your Franchise Agreement, you must be preparing a minimum of 500 tax returns each tax season

Failure to achieve this quota may result in termination of your Franchise Agreement This minimum quota is not, and should not be considered to be, an earnings claim for your Center We do not furnish or authorize our sales people to provide any oral or written information concerning the actual or potential sales, costs, income or profits of your Center Actual results may vary from franchise to franchise and we cannot predict the results of any particular franchise

ITEM 13
TRADEMARKS

We grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise Our Predecessor has registered the following mark on the Principal Register of the United States Patent and Trademark Office

Proprietary Mark	Application Date	Serial Number	Registration Date	Registration Number
Los Taxes Para Nuestra Gente (logo)	12/18/2008	77-635 888	07/07/2009	3,650,681

There are no currently effective determinations of the United States Patent and Trademark Office, the trademark administrator of this state or any court, nor is there any pending interference, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Marks which may be relevant to their use in this state or in any other state

There are no agreements currently in effect which limit our right to use or to license others to use the Proprietary Marks except for the perpetual, non-cancelable trademark license agreement between us and our predecessor dated July 12, 2016 Our Predecessor has filed all affidavits and other documents required to maintain its interest in and to the Marks and will renew all required affidavits when they become due

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in the state where the tax center will be located or elsewhere You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks You and your Controlling Principals are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks You must sign any and all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including any affiliate) having an interest in the Marks

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement We have the right but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks We may defend you against any third party claim, suit or demand arising out of your use of the Proprietary Marks If we, in our sole discretion, determine that

you have used the Proprietary Marks in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours In the event of any litigation relating to your use of the Proprietary Marks, you must execute any and all documents and do such acts as may, in our opinion be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action Except to the extent that this litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating under it, at our sole discretion We will have no obligation or liability to reimburse you for any costs you may incur as a result of such substitution

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your Controlling Principals in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously

If it becomes advisable at any time in our sole discretion, we may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System You must comply with our directions within a reasonable period of time after receiving notice We will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Marks or for any expenditures you make to promote a modified or substitute trademark or service mark

The license to use the Marks granted in the Franchise Agreement is non-exclusive to you We have and retain certain rights in the Marks including the following

1 To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees,

2 To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you, and

3 To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

There are no patents that are material to the franchise as of the date of this Disclosure Document We anticipate applying for a patent for our web management system You do not receive the right to use an item covered by a patent or copyright, but you can use the proprietary and confidential information that is in our Manual The Manual is described in Item 11 and below Although we have not filed an application for a copyright registration for the Manual, we claim a copyright and the information in it is proprietary and confidential You must also promptly tell us when you learn about unauthorized use of this proprietary and confidential information We are not obligated to take any action, but will respond to this information as we think appropriate

Confidential Information

You must not, during the term of the Franchise Agreement or after the term of the Franchise Agreement, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to you or which you may learn because of your operation under the terms of the Franchise Agreement Confidential information includes, but is not limited to (a) price lists and marketing plans and strategies, (b) our web management system and other proprietary computer software functions, capabilities, code, manuals, fixes, work arounds, revision plans, etc , (c) customer lists customer identities, customer contacts and customer preferences (including identities and plans for approaching potential customers), and (d) leasing plans, rates and information You may divulge this confidential information only to those of your employees who have access to and who operate your Center Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement

At our request, you must require your manager and any personnel having access to any of our confidential information to sign agreements that say that they will maintain the confidentiality of information they receive in connection with their employment by you at your Center The agreements must be in a form satisfactory to us, including specific identification of us as a third party beneficiary of the covenants with the independent right to enforce them and that they prohibit any direct or indirect ownership in a competing business

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

During the term of the Franchise Agreement and at our discretion, you must attend and complete our initial training program, and either you (or, if you are a corporation or partnership, a principal or general partner of the corporation or partnership) or your fully trained manager must devote full time and best efforts to the management and operation of the Franchised Business The Franchised Business must have on-premises supervision of a manager who has satisfactorily completed our training program and achieved certification You must also maintain a competent, conscientious, trained staff, including a fully trained manager (which may be you) If you are an individual, we recommend that you be the fully trained manager described above We impose no limitations as to who you may hire as the manager, except that you must comply with all applicable laws and that you must not harm the goodwill associated with the System and the Proprietary Marks (this requirement may affect who you hire as your manager)

We have the right to approve the manager after training The manager will be required to attend and complete our training program, as described in Item 11 The manager and other key employees may also be required to enter into an agreement not to compete with businesses under the System while employed by you and for two years thereafter, and an agreement not to reveal confidential information obtained while employed by you See Item 17 for a description of these obligations

You must operate the Franchised Business in strict conformity with all applicable Federal, state and local laws, ordinances and regulations Such laws, ordinances and regulations vary from jurisdiction to jurisdiction and may be implemented or interpreted in a different manner from time to time It is your sole responsibility to learn of the existence and requirements of all laws, ordinances and regulations applicable to the Franchised Business and to adhere to them and to the then-current implementation or interpretation of them

The on-premises supervisor does not have to have any equity interest in the franchise

Since our emphasis is on providing tax return preparation services to the Latino community, we strongly recommend that you and your staff be bi-lingual in Spanish and English

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the Center solely for the operation of the Franchised Business You must keep your Center open and in normal operation for the minimum hours and days as we specify You must not use or permit the use of the Center for any other purpose or activity at any time without first obtaining our written consent You must operate the Franchised Business in strict conformity with the methods, standards and specifications we may require in the Operations Manual or in writing You must not change the standards, specifications and procedures without our prior written consent

You must sell or offer for sale only those products and those services that we have approved for sale in writing, you must sell or offer for sale all types of Services and Products specified by us, you may not change our standards and specifications without our prior written consent, and you must stop selling and offering for sale any Services and Products which we may, in our discretion, disapprove in writing at any time We have the right to change the types of authorized goods and services and there are no limits on our right to make changes

The System may be supplemented, improved or modified from time to time by us You must comply with all of our reasonable requirements in that regard, including offering and selling new or different Services and Products as specified by us If you develop products or services for your Center that we believe will benefit the System generally, you must, at our request, assign your rights to such products or services to us

You are restricted by the Franchise Agreement, Operations Manual and any other practice or custom with respect to the Services and Products which you may offer, which must be approved by us

For a description of your restrictions on some purchases, see Item 8 of this Disclosure Document

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution You should read these provisions in the agreements attached to this disclosure document

THE FRANCHISE RELATIONSHIP

	Provision	Article in Franchise Agreement	Summary
a	Term of the franchise	Article II	10 tax seasons
b	Renewal or extension of the term	Article II	If you are in good standing, you can renew for additional 10 tax seasons
c	Requirements for you to renew or extend	Article II	Notice, renovation of premises compliance with Franchise Agreement, execute then-current Franchise Agreement, and sign release 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 you	None	You may seek to terminate your Franchise Agreement on any ground permitted by law
e	Termination by us without cause	None	
f	Termination by us with cause	Article XIII	Breach of Franchise Agreement and other grounds, including failure to adhere to your lease, see Article XII for details
g	"Cause" defined - defaults which can be cured	Article XIII	Breach of Franchise Agreement, such as filing for bankruptcy, assignment for the benefit of creditors or lease termination
h	"Cause" defined - defaults which cannot be cured	Article XIII	Breach of Franchise Agreement and other grounds, such as failure to pay royalties, advertising, failure to maintain quality control, submitting false reports, breach of lease or sublease, selling unauthorized products, failure to meet performance requirements, see Article XII

	Provision	Article in Franchise Agreement	Summary
i	Your obligations on termination/non-renewal	Article XIV	Obligations include complete de-identification and payment of amounts due, see Article XIII
j	Assignment of contract by us	Article XVI	No restriction on right to transfer
k	"Transfer" by you – definition	Article XVI	Transfer all or substantially all of the assets of your business
l	Our approval of transfer by you	Article XVI	We have the right to approve transfers
m	Conditions for our approval of transfer	Article XVI	Includes payment of money owed, non-default, execution of release, transferee qualifications, execution of new agreement, refurbishment and payment of the transfer fee
n	Our right of first refusal to acquire your business	Article XVI	We can match any offer
o	Our option to purchase your business	Article XVI	Upon expiration or termination, we can buy certain assets
p	Your death or disability	Article XVI	Franchise must be assigned to approved buyer within 12 months
q	Non-competition covenants during the term of the franchise	Article XV	Includes prohibition on owning or operating business which sells similar services
r	Non-competition covenants after the franchise is terminated or expires	Article XV	Includes prohibition on owning or operating business which sells similar services for five years and located within 50 miles of any unit in the System The post-term covenants do not apply to a conversion franchisee, and have been removed from the Conversion Franchise Agreement
s	Modification of the agreement	Article XXII	Must be in writing by both parties
t	Integration/merger clause	Article XXII	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable

	Provision	Article in Franchise Agreement	Summary
u	Dispute resolution by arbitration or mediation	Article XXI	Arbitration in the city where we have our headquarters
v	Choice of forum	Article XXI	The state where we have our headquarters (subject to state law – see State Specific Addendum)
w	Choice of law	Article XXI	~~Delaware~~Maryland(subject to state law – see State Specific Addendum)

See the state addenda to the Franchise Agreement and disclosure document for special state disclosures

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information and if the information is included in the disclosure document Financial performance information that differs from that included in Item 19 may be given 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 Javier Solis at ~~717 N Union Street #123, Wilmington, Delaware, 19805~~11230 Triangle Lane Wheaton Maryland 20902, 855-Los-Taxes, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No 1

Systemwide Outlet Summary
For years ~~ending December 31, 2014 to~~2015, 2016, 2017

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
Franchised	2015~~2014~~	~~4~~6	~~6~~8	+2
	2016~~2015~~	~~6~~8	~~12~~8	~~+6~~0
	2017~~2016~~	~~12~~8	~~17~~10	~~+5~~-+2
Company-Owned	2015~~2014~~	7	~~9~~8	+~~2~~1
	2016~~2015~~	~~9~~8	~~9~~8	0
	2017~~2016~~	~~9~~8	~~9~~6	~~0~~-2
Total Outlets	2015~~2014~~	~~11~~13	~~15~~16	+~~4~~3
	2016~~2015~~	~~15~~16	~~21~~16	~~+6~~0
	2017~~2016~~	~~21~~16	~~26~~16	~~+5~~0

*The information in the above table is based on outlets opened by our predecessor, Los Taxes, Inc

Table No 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years ~~2014 to~~2015, 2016, 2017

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2015~~2014~~	0
	2016~~2015~~	0
	~~2016~~2017	~~0~~2
Total	2015~~2014~~	0
	~~2015~~2016	0
	~~2016~~2017	~~0~~2

Table No 3

Status of Franchised Outlets
For years ~~ending December 31, 2014,~~ 2015, 2016, 2017

Col 1 State	Col 2 Year	Col 2 Outlets at Start of Year	Col 2 Outlets Opened	Col 3 Terminations	Col 4 Non-Renewals	Col 5 Reacquired by Franchisor	Col 6 Ceased Operations – Other Reasons	Col 7 Outlets at End of the Year
Delaware	2015~~2014~~	~~0~~1	~~0~~2	0	0	0	0	~~0~~3
	2016~~2015~~	~~0~~3	~~2~~0	0	0	0	0	~~2~~3
	~~2016~~2017	~~2~~3	0	0	0	0	0	~~2~~3
Maryland	2015~~2014~~	0	0	0	0	0	0	0
	~~2015~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~
	2016	0	~~5~~0	0	0	0	0	~~5~~0
~~**New York**~~	~~2014~~2017	~~3~~0	~~0~~1	0	0	0	0	~~3~~1
New Jersey	2015	~~3~~0	0	0	0	0	0	~~3~~0
	2016	~~3~~0	0	0	0	0	0	~~3~~0
~~**North Carolina**~~	~~2014~~2017	0	~~2~~1	0	0	0	0	~~2~~1
	~~2015~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
	~~2016~~	~~2~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~2~~
Pennsyl-vania	2015~~2014~~	~~0~~5	0	0	0	0	0	~~0~~5
	~~2015~~	~~0~~	~~4~~	~~0~~	~~0~~	~~0~~	~~0~~	~~4~~
	2016	~~4~~5	0	0	0	0	0	~~4~~5
~~**Virginia**~~	~~2014~~2017	~~1~~5	0	0	0	0	0	~~1~~5
	~~2015~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
	~~2016~~	~~1~~	~~0~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~
Total	2015~~2014~~	~~4~~6	2	0	0	0	0	~~6~~8
	~~2015~~	~~6~~	~~6~~	~~0~~	~~0~~	~~0~~	~~0~~	~~12~~
	2016	~~12~~8	~~5~~0	0	0	0	0	~~17~~8
	2017	8	2	0	0	0	0	10

Table No 4

Status of Company-Owned Outlets
For years ~~2014~~ 2015, 2016, 2017

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 8 Outlets Sold to Franchisee	Col 9 Outlets at End of the Year
Maryland	2015~~20 14~~	2	0	0	0	0	2
	~~2015~~20 16	2	0	0	0	0	2
	~~2016~~20 17	2	0	0	0	0	2
New Jersey	2015~~20 14~~	1	0	0	0	0	1
	2016~~20 15~~	1	0	0	0	0	1
	~~2016~~20 17	1	0	0	0	~~0~~1	~~1~~0
New York	2015~~20 14~~	4	0	0	0	0	4
	2016~~20 15~~	4	0	0	0	0	4
	~~2016~~20 17	4	0	0	0	0	4
Pennsylvania	2015~~20 14~~	0	~~2~~1	0	0	0	~~2~~1
	2016~~20 15~~	~~2~~1	0	0	0	0	~~2~~1
	~~2016~~20 17	~~2~~1	0	0	0	~~0~~1	~~2~~0
Total	~~2014~~20 15	7	~~2~~1	0	0	0	~~9~~8
	2016~~20 15~~	~~9~~8	0	0	0	0	~~9~~8
	~~2016~~20 17	~~9~~8	0	0	0	~~0~~2	~~9~~6

Table No 5

Projected Openings as of December 31, ~~2016~~2017

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Maryland	0	6	0
New Jersey	~~0~~1	1	0
New York	0	12	0
Texas	0	1	0
Virginia	0	1	0
Total	~~0~~1	21	0

A list of the names of all franchisees and the addresses and telephone numbers of their Centers will be provided in Exhibit D to this Disclosure Document when applicable

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a 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 will be listed on Exhibit E to this Disclosure Document when applicable **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 any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Los Taxes System

There are no trademark-specific organizations formed by our franchisees that are associated with the Los Taxes System

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit G are our audited financial statements ~~from~~for June 9, 2015 to December 31, 2015 December 31 2016 and December 31 2017

Our fiscal year end is December 31st

~~The franchisor has not been in business for three years or more and cannot include all the financial statements required by the Rule for the last three fiscal years.~~

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document in the following order

1 Franchise Agreement with Conversion Agreement – Exhibit C
2 Form of General Release – Exhibit I

ITEM 23
RECEIPTS

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

EXHIBIT A TO DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process We may not yet be registered to sell franchises in any or all of these states

CALIFORNIA Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677 Agent California Commissioner of Business Oversight 1515 K Street, Suite 200 Sacramento, CA 95814 (916) 445-7205 1350 Front Street San Diego, CA 92101 (619) 525-4233 1 Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559	**CONNECTICUT** State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 Agent Banking Commissioner
HAWAII (state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu Hawaii 96813 (808) 586-2722 (agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722	**ILLINOIS** The Attorney General Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

INDIANA (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531	**MARYLAND** (state administrator) Office of the Attorney General Securities Division 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (for service of process) Maryland Securities Commissioner 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN (state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W Ottawa Street, 6th Floor Lansing, Michigan 48933 (517) 373-7117 (for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P O Box 30054 Lansing, Michigan 48909	**MINNESOTA** (state administrator) Minnesota Department of Commerce 85 7th Place East, Suite ~~500~~280 St Paul, Minnesota 55101-2198 (651) 539-1600 (for service of process) Minnesota Commissioner of Commerce

NEW YORK (Administrator) ~~Office of the New York State Attorney General~~ NYS Department of Law Investor Protection Bureau ~~Franchise Section~~ ~~120 Broadway, 23rd~~28 Liberty Street, 21st Floor New York, ~~NY 10271-0332~~New York 10005 (212) 416-8236 Phone (212) 416-6042 Fax (Agent for ~~Service~~ service of process) New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 473-2492	**NORTH DAKOTA** North Dakota Securities Department State Capitol, Fifth Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712
OREGON Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 Agent Director of the Department of Consumer and Business Services	**RHODE ISLAND** Division of Securities Rhode Island Dept of Business Regulation John O Pastore Complex – Bldg 69-1 1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9500
SOUTH DAKOTA Division of Securities Department of Labor & Regulation 124 S Euclid Avenue, Suite 104 Pierre, South Dakota 57501-3168 (605) 773-~~4823~~3564	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 (for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733

WASHINGTON (state administrator) Department of Financial Institutions Securities Division 150 Israel Road S W Tumwater, Washington 98501 (360) 902-8760 (for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S W Tumwater, Washington 98501	WISCONSIN (state administrator) Division of Securities Department of Financial Institutions 201 W Washington Ave , 3rd Floor Madison, Wisconsin 53703 (608) 266-1064 (for service of process) Administrator, Division of Securities Department of Financial Institutions 201 W Washington Ave , 3rd Floor Madison, Wisconsin 53703

EXHIBIT B TO DISCLOSURE DOCUMENT

STATE ADDENDUM

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA APPENDIX

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

2 The Franchise Agreement provides for termination upon bankruptcy This provision may not be enforceable under Federal Bankruptcy Law (11 U S C A Sec 101 et seq)

3 The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4 Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5 Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 79a et seq , suspending or expelling such persons from membership in such association or exchange

6 The franchise agreement requires binding arbitration The arbitration will occur in Delaware with the costs being borne by the franchisee and franchisor Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

7 The Franchise Agreement requires application of the laws of Delaware This provision may not be enforceable under California law

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

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

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

11 OUR WEBSITE, www lostaxes com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY

COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

12 Item 17 t, the integration/merger clause and Section 22 2 of the Franchise Agreement are amended to eliminate any language which disclaims the Franchise Disclosure Document

13 In California, to accept an application fee or rebate for RALs, you must register with the California Department of Justice, Attorney General's Office in accordance with the California Credit Services Act Additionally, California is currently investigating the income tax return preparation industry to determine whether particular aspects of the RAL product need to be modified to conform to its laws. California is reviewing the marketing and customer disclosures of this product and the manner in which employees in the income tax return preparation industry are trained to offer RALs and to collect on past due RAL debts.

14 Item 1 of the Disclosure Document is amended to include the following - **California Business and Professions Code** California Business and Professions Code Sec. 22250-22259 governs tax preparers in California. These laws establish certain requirements for tax preparers, with the exception of certain professionals such as attorneys, certified public accountants, enrolled agents, and their employees. These laws require tax preparers to post a bond with the State of California, to be honest in their business practices, attain certain educational requirements, and fulfill annual continuing education requirements in income tax return preparation, register with the California Education Council, and maintain and provide income tax records to clients

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF CONNECTICUT

DISCLOSURE REQUIRED BY CONNECTICUT LAW The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity The information contained in this disclosure has not been verified by the state If you have any questions about this investment, see an attorney before you sign a contract or agreement

1 If the Seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the Franchisor in writing and demand that the contract be cancelled

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT B TO DISCLOSURE DOCUMENT

ADDENDUM TO THE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF ILLINOIS

———Illinois law governs the agreements between the parties to this franchise

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void However, a franchise agreement may provide for arbitration outside of Illinois

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

IN WITNESS WHEREOF, the parties hereto have duly executed sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____

_____
Witness

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THE DISCLOSURE DOCUMENT RQUIRED BY THE STATE OF INDIANA

1 To be added to Item 3 of the Disclosure Document, is the following statement

There are presently no arbitration proceedings to which the Franchisor is a party

2 Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2 7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory

3 Item 17 is amended to state that this is subject to Indiana Code 23-2-2 7-1 (10)

4 Under Indiana Code 23-2-2 7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests This amends Article XXI of the Franchise Agreement

5 Under Indiana Code 23-2-2 7-1 (10), franchisee may not agree to waive any claims or rights

IN WITNESS WHEREOF the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____

_____
Witness

EXHIBIT B TO DISCLOSURE DOCUMENT

ADDENDUM TO THE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for LOS TAXES FRANCHISE CORP's Disclosure Document and for its Franchise Agreement This addendum amends the Disclosure Document and Franchise Agreement

1 The provisions contained in Item 17 of the Disclosure Document and Article XIII of the Franchise Agreement regarding termination may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

2 Item 17 of the Disclosure Document shall be amended at the sections dealing with the issuance of general releases to the effect that the general release required as a condition of renewal and/or assignment/transfer are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law The appropriate sections of the Franchise Agreement are deemed to be amended accordingly

3 Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise Any disclaimer regarding the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Franchise Law in order to purchase the franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law This amends Exhibit H to the Disclosure Document to the Franchise Agreement, the Franchisee Disclosure Acknowledgment Statement The appropriate sections of the Franchise Agreement are also amended accordingly

4 Item 17 of the Disclosure Document and Article XXII of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

5 Item 17 of the Disclosure Document is amended to state that the Franchise Agreement requires binding arbitration, the site of which is in the State of Delaware, the costs of which are borne by the parties equally and any issues not decided by arbitration may be brought in a court of competent jurisdiction However, according to Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, a franchisee is permitted to enter into litigation with the Franchisor in the State of Maryland, notwithstanding the language in the Franchise Agreement The appropriate sections of the Franchise Agreement are amended accordingly

6 The Franchise Agreement is hereby amended to state that any representations which require a prospective franchisee to assent to any general release, estoppel or waiver of liability as a condition of purchasing a franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

7 Based upon our financial condition, the Maryland Securities Commissioner requires that all initial fees and payment shall be deferred until such time as the franchisor completes its initial obligations under the franchise agreement

The undersigned do hereby acknowledge receipt of this addendum

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT B TO DISCLOSURE DOCUMENT

ADDENDUM TO THE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU

(a) A prohibition on the right of a franchisee to join an association of franchises

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances This section does not require a renewal provision

(f) A provision requiring that arbitration or litigation be conducted outside this state This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise Good cause shall include, but is not limited to

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement

Any questions regarding this notice should be directed to

Consumer Protection Division
Attn Marilyn McEwen
525 W Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

(FRANCHISOR)

By _____
Name _____
Title _____

FRANCHISEE

_____
Witness

_____

EXHIBIT B TO DISCLOSURE DOCUMENT

ADDENDUM TO DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this ___ day of _____, 20__, and effectively amends and revises said Disclosure Document and Franchise Agreement and Area Development Agreement as follows

1 Item 13 of the Disclosure Document and _____ of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss, costs or expenses arising out of any claim, suit or demand regarding such use "

2 Item 17 of the Disclosure Document and _____ of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec 80C 14, Subds 3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld "

3 Item 17 of the Disclosure Document and _____ of the Franchise Agreement and _____ of the Area Development Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections

> "Minn Stat Sec 80C 21 and Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction "

4 Item 17 of the Disclosure Document and_____ of the Franchise Agreement and _____ of the Area Development Agreement are amended by the addition of the following language to the original language that appears therein

> "Minn Rule 2860 4400D prohibits us from requiring you to assent to a general release "

5 Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits requiring you to consent to liquidated damages

6 _____ of the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits waiver of a jury trial

7 _____ of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn Stat §80C 17, Subd 5

8 Under Minn Rule 2860 4400J, franchisees cannot be required to waive their rights under RICO Therefore, _____ of the Franchise Agreement is hereby deleted

9 Item 6, Insufficient Fund Fees NSF fees are governed by Minnesota Statute 604 113, which puts a cap of $30 on a NSF check This applies to everyone in Minnesota who accepts checks except banks

10 Under Minn Rule 2860 440J, the franchisee cannot consent to the franchisor obtaining injunctive relief The franchisor may seek injunctive relief A court will determine if a bond is required Section ___ of the Franchise Agreement is hereby amended accordingly

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

(FRANCHISOR)

By _____
Name _____
Title _____

FRANCHISEE

_____
Witness

_____

EXHIBIT B TO DISCLOSURE DOCUMENT

ADDENDUM TO THE 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 AND SECURITIES, ~~120 BROADWAY, 23RD~~28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK ~~10271~~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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

~~(FRANCHISOR)~~LOS TAXES FRANCHISE CORP

By _____
Name ———Javier Solis
Title ———President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT B TO THE DISCLOSURE DOCUMENT

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity The information contained in this disclosure has not been verified by the State If you have any questions about this investment, see an attorney before you sign a contract or agreement

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled (N C G S §66-95)

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT B TO DISCLOSURE DOCUMENT

ADDENDUM TO THE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement effectively amends and revises said documents as follows

1 Item 17(c) of the Disclosure Document and Article ___ of the Franchise Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release

2 Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law Item 17(r) of the Disclosure Document, Article ___ of the Franchise Agreement and are amended accordingly

3 Item 6 and Item 17(i) of the Disclosure Document, Article ___ of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota

4 Item 17(u) of the Disclosure Document, Article ____ of the Franchise Agreement and are amended to provide that arbitration shall be held at a site that is agreeable to all parties

5 Item 17(v) of the Disclosure Document and the provisions of Article ___ of the Franchise Agreement and which require jurisdiction of courts in the State of _____ are deleted

6 Item 17(w) of the Disclosure Document, Article _____ of the Franchise Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota

7 Apart from civil liability as set forth in Section 51-19-12 N D C C , which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law

8 The provisions of Article ____ of the Franchise Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted

9 The provisions of Article ___ of the Franchise Agreement and which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

Signatures on next page

ATTEST

~~(FRANCHISOR)~~LOS TAXES FRANCHISE CORP

_____

Witness

By _____

Name ~~_____~~Javier Solis

Title ~~_____~~President & CEO

FRANCHISEE

_____

_____

Witness

EXHIBIT B TO DISCLOSURE DOCUMENT

ADDENDUM TO THE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF OREGON

Item 1 of the Disclosure Document is modified to include the following.

Oregon Board of Practitioners. The State of Oregon's Board of Tax Practitioners has certain registration requirements. For a more comprehensive review of its requirements, you should contact them at 3218 Pringle Rd. SE, Suite 120 Salem 97302-6308, telephone (503)378-4034 or http://www.oregon.gov/OTPB/.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____ 20___

ATTEST LOS TAXES FRANCHISE CORP

By _____

Witness Name Javier Solis

Title President & CEO

_____ FRANCHISEE

_____

Witness

EXHIBIT B TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that

> "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act"

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT B TO THE DISCLOSURE DOCUMENT

DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

(FRANCHISOR)

By _____
Name _____
Title _____

FRANCHISEE

_____
Witness

_____

EXHIBIT B TO THE DISCLOSURE DOCUMENT

STATE ADDENDUM TO THE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19 100 180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

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

Based upon our financial condition, the Washington Securities Division requires that we defer the payment of the initial franchise fee and all other initial payments until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating However, you must sign the Franchise Agreement before beginning training

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

(FRANCHISE)

_____
Witness

By _____
Name _____
Title _____

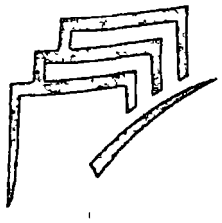
FRANCHISEE

_____
Witness

_____

EXHIBIT C TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT WITH CONVERSION ADDENDUM



Los Taxes™
para nuestra gente

FRANCHISE AGREEMENT

FRANCHISEE NAME
FRANCHISEE

DATE HOY
DATE

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LOS TAXES FRANCHISE CORP

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into on this ~~day of~~ **FECHA (date)** between LOS TAXES FRANCHISE CORP , a Delaware corporation, having its principal place of business located at ~~717 N. Union Street, #123, Wilmington, Delaware, 19805~~11230 Triangle Lane, Wheaton, Maryland 20902, (hereinafter referred to as "Franchisor") and **FRANCHISEE NAME** with its principal place of business or residence at **FRANCHISEE ADDRESS** , (hereinafter referred to as "Franchisee")

WHEREAS, the Franchisor has developed a business plan and a system of uniform standards, methods procedures, specifications, merchandising and advertising (hereinafter referred to as the "System") for the operation of centers (hereinafter referred to as "Center" or "Franchised Business") which provide services related to the preparation and filing of income tax returns, primarily for the Latino market, and the sale of other related goods and services, as are approved from time to time by Franchisor ("Approved Products and Services"), all under the name "Los Taxes" and the trade names, trademarks and service marks and logos designated by Franchisor (collectively, the "Proprietary Marks"), and

WHEREAS, Franchisor is the owner of certain of the Proprietary Marks which are now specified by Franchisor or as may be hereafter designated as a part of the System and not thereafter withdrawn, and which the Franchisor may hereafter acquire or develop for use with the System, and

WHEREAS, the Franchisee wishes to obtain the right and license from the Franchisor for the use of the Franchisor's System and Proprietary Marks, and in association therewith to own and operate a Center only at the premises identified on Exhibit A hereto (hereinafter referred to as the "Premises"), and understands and accepts the terms, conditions and covenants set forth herein as those which are reasonably necessary to maintain the Franchisor's high and uniform standards of quality and service in order to protect the goodwill and enhance the public image of the System and the Proprietary Marks, and

WHEREAS, the Franchisor has the sole and exclusive right to the goodwill associated with the System and the Proprietary Marks and is willing to grant the right and license to the Franchisee on the terms and conditions herein contained to use the System and the Proprietary Marks, and

WHEREAS, Franchisee desires to obtain a franchise to use the System and the Proprietary Marks at the Premises 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 its own choosing and represents and warrants that it has the business experience and financial ability to operate a center, and

WHEREAS, Franchisee acknowledges that it 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, and

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 it has not received or relied upon any such warranty or guarantee, and

WHEREAS, Franchisee acknowledges that it 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, and

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, suppliers, 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, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows

ARTICLE I
GRANT OF FRANCHISE

1 1 Grant

Subject to the terms, conditions and limitations elsewhere in this Agreement, the Franchisor hereby grants to the Franchisee a non-transferable right and license to use the System, the Proprietary Marks and to market, sell and provide the Approved Products and Services in accordance with the System The Approved Products and Services are the only products and services authorized to be offered and sold at the Center

1 2 Location

The right and license granted in Section 1 1 hereof shall be restricted solely and exclusively to use in and from the Exclusive Territory (as defined below), however, Franchisor (and any affiliates that it might have from time to time) will not establish, nor allow another franchise owner to establish, another Franchised Business, the physical premises of which are located within the area designated on Exhibit "A" ("Exclusive Territory") During the term of this Agreement, the Center Premises shall be used exclusively by the Franchisee and solely for the purpose permitted by this Agreement In the event that, prior to the termination of the franchise hereunder and provided Franchisee has leased space for the Center, the lease or sublease should expire or terminate without fault of the Franchisee, or if the landlord closes the location where the Center is located, or if the Premises should be expropriated or the Franchisee otherwise loses possession thereof without fault on its part, the Franchisee shall be entitled to relocate the Center to another location acceptable to the Franchisor, provided that

(a) the Franchisor has first given its written consent to such relocation and new site,

(b) the new premises shall be developed by the Franchisee in the same manner as described in Article III hereof solely at the Franchisee's costs, if Franchisee will lease premises for the Center,

(c) the new premises shall be located within Franchisee's Exclusive Territory, and

(d) Franchisee will pay Franchisor's then-current relocation fee and reimburse Franchisor's related costs

1 3 Non-Exclusivity

Except as set forth above, the license granted to Franchisee by this Agreement is non-exclusive and Franchisor shall have at all times throughout the term of this Agreement and any renewals hereof, and at all places, the unqualified right to open and operate, or to franchise and license others to open and operate, businesses utilizing the System anywhere, except within Franchisee's Exclusive Territory, regardless of the proximity to Franchisee's Center

1 4 Limitations on Sale of Approved Products and Services

This license does not include any right to sell any product for resale or the right to sell any product or provide any service at or from any location except from within the Center Premises Use by Franchisee, directly or indirectly, of the System, the Proprietary Marks licensed hereunder, the sale of any product or the servicing of Center clients at any location other than from the Premises shall be a material breach of this Agreement and shall give Franchisor, in addition to all other rights and remedies hereunder, the right to terminate this Agreement

1 5 Rights Reserved to Franchisor

Franchisor reserves the right to establish or operate, or franchise any other franchisee to establish or operate a center under the System at any location outside of the Exclusive Territory Franchisor (and any affiliates that Franchisor periodically might have) has the right

(a) to establish and operate, and grant rights to other franchisees to establish and operate, Centers or similar businesses at any locations outside of the Exclusive Territory and on any terms and conditions Franchisor deems appropriate,

(b) to sell the Approved Products and Services and any products or services identical or similar to, or dissimilar from, those Franchisee sells at, from or through the Center, whether identified by the Proprietary Marks or other trademarks or service marks through any distribution channels Franchisor deems best (including mail order and the Internet), wherever located or operating (including within the Exclusive Territory),

(c) to sell the Approved Products and Services through any distribution channels Franchisor deems best (including, but not limited to, mail order and the Internet), wherever located or operating (including within the Exclusive Territory),

(d) to purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to Franchisee's Center (and/or franchise, license, and/or similar agreements for such businesses), some or all of which might be located anywhere, including within the Exclusive Territory If there is such a purchase or other acquisition, Franchisor may (i) with respect to those businesses which are in the Exclusive Territory and are not franchised or licensed, (A) continue to operate of the businesses, (B) offer to sell these businesses to Franchisee or to any third party at their fair market value to be operated under our System, or (C) offer Franchisee the opportunity to operate those businesses in partnership with Franchisor (or Franchisor's affiliate) under their original trade identities or

a different trade identity that does not include the Proprietary Marks Franchisor retains the right to choose which of these alternatives it deems best and to condition any such offer on certain requirements, including but not limited to the requirement that Franchisee be in compliance with this Agreement, and (ii) with respect to those businesses which are franchised or licensed, act as franchisor and/or licensor of those businesses in compliance with the then-effective franchise and/or license agreements,

(e) to be acquired (regardless of the form of transaction) by a business identical or similar to "Los Taxes" Centers or any other business, even if the other business operates, franchises and/or licenses competitive businesses within the Exclusive Territory, and

(f) to engage in any other business activities not expressly prohibited by this Agreement, both within and outside the Exclusive Territory

Franchisee may not relocate the Center from the approved site, except as provided above Pursuant to this Agreement, Franchisee may sell the Approved Products and Services to clients and prospective clients located anywhere but who choose to use Franchisee's Center Franchisee shall be prohibited from engaging in any promotional activities or selling any 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 clients or prospective clients located anywhere, or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from clients or prospective clients located anywhere, without Franchisor's consent Franchisee may place advertising outside of its Exclusive Territory and may service clients outside of its Exclusive Territory

If Franchisor engages in electronic commerce through any Internet, World Wide Web or other computer network site or sell through any other alternative distribution channel, and Franchisor receives requests for tax preparation services or any other products or services offered by a Los Taxes Center calling for delivery or performance in Franchisee's Exclusive Territory, then Franchisor will offer the request to Franchisee at the price established by Franchisor If Franchisee chooses not to fulfill the request or is unable to do so then Franchisor, one of its affiliates or a third party designated by Franchisor (including another franchisee) may fulfill the order, and Franchisee will not be entitled to any compensation in connection with this Franchisor will forward such requests based on the zip code of the client

ARTICLE II
TERM

2 1 Initial Term

This Agreement, unless terminated earlier as hereinafter provided, shall remain in force for an initial term of Ten (10) tax seasons commencing on the date this Agreement is executed ("Initial Term")

2 2 Renewal

Subject to the provisions of this Section, the Franchisee shall have an option (exercisable only by written notice delivered to the Franchisor less than nine (9) months, but more than six (6) months, prior to the end of the Initial Term of this Agreement) to renew the franchise hereunder for an additional period of ~~five (5~~ten (10) years, if

(a) the Franchisee has been, throughout the Initial Term of this Agreement, in substantial compliance, and at the expiration of such initial term is in full compliance, with this Agreement, Franchisee's lease or sublease (if any) and all other agreements between the Franchisee and the Franchisor or companies associated or affiliated with the Franchisor,

(b) the Franchisee enters into the Franchisor's then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by the Franchisor in the granting of Center franchises (all of which will contain terms substantially the same as those herein contained, except with respect to fees to be paid to Franchisor, which fees shall be the same as those Franchise Agreements being executed at the time of renewal, and which will not obligate the Franchisee to pay a further initial franchise fee), provided that if, at the sole option of the Franchisor, the requirement to enter into the Franchisor's then-current Franchise Agreement is waived by written notice from the Franchisor, the terms hereof (except the option to renew) shall remain in force for the renewal term,

(c) as a condition of the renewal of this franchise in the event that Franchisee has leased space for the Franchised Business Franchisee must have renewed, or have secured a written commitment from its landlord that Franchisee can renew, the lease or sublease for the Center space for a period at least equal to the term of the franchise renewal period or have secured by lease, sublease or other occupancy document a new Center location acceptable to Franchisor within the Exclusive Territory,

(d) if Franchisee is relocating its Center in connection with the renewal of this franchise, the site, lease, design, construction, decoration, equipping, stocking, and every other aspect of Franchisee's relocated Center must be accomplished in accordance with the requirements of the new Franchise Agreement The costs, expenses and liabilities that Franchisee will be required to pay will be as set forth in the new Franchise Agreement,

(e) Franchisee agrees that as a condition of approving the renewal of its franchise, Franchisor can require Franchisee to remodel, redecorate, re-sign, re-fixture and/or otherwise refurbish Franchisee's Center to the extent and in the manner that Franchisor specifies to bring it up to the standards of those Centers opened closest in time to the commencement of the renewal period Franchisor agrees to notify Franchisee of any such requirements and the time within which they are to be accomplished at the time Franchisor provides Franchisee with a copy of the Franchise Agreement to be used for the renewal term By signing the new Franchise Agreement, Franchisee agrees to comply with Franchisor's requirements regarding the specified remodeling, redecorating re-signing, refurbishing and so forth, within the time periods Franchisor specifies,

(f) at the time the renewal option is exercised and at the time such renewal commences, all monetary obligations to Franchisor and any affiliate of Franchisor must be current and must have been current at all times during the preceding twelve (12) months,

(g) the Franchisee executes a general release running in favor of Franchisor, its officers, directors and shareholders releasing all claims against Franchisor, its officers, directors and shareholders and

(h) the Franchisee pays to Franchisor a renewal fee equal t o Two Thousand Five Hundred Dollars ($2,500)

2 3 Renewal Franchise Agreement

The form of Franchise Agreement that will be used for Franchisee's renewal term will be given to Franchisee at least ninety (90) days before the renewal term is to begin so that Franchisee can review it Franchisee agrees to sign the new Franchise Agreement at least sixty (60) days before Franchisee's current franchise term expires If Franchisee does not, it will be deemed to have withdrawn its request to renew the franchise If that should happen, Franchisor will allow Franchisee's franchise to expire at the end of its current term

2 4 Refusal to Renew Franchise Agreement

Franchisor can refuse to renew Franchisee's franchise if Franchisee's lease, sublease or other document by which Franchisee has the right to occupy the Center Premises, if applicable, is not extended before Franchisee's renewal term is to take effect to cover the period of the renewal or if Franchisee does not have a written commitment from its landlord to renew its lease or sublease for a period at least equal to the renewal term

2 5 Renewal Under Law

Even though Franchisor declines the renewal of Franchisee's franchise, it is possible that Franchisor can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, Franchisee's renewal term will be subject to the conditions of the Franchise Agreement Franchisor is using for new franchisees at the time the renewal period begins If Franchisor is not then offering new franchises, Franchisee's renewal period will be subject to the terms in the Franchise Agreement that Franchisor indicates If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement

2 6 Failure to Renew

For the purposes hereof, the Franchisee shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if the Franchisee fails to execute and return to the Franchisor its then-standard Franchise Agreement and other ancillary documents required by the Franchisor for a renewal within thirty (30) days after the Franchisor has delivered them to the Franchisee

ARTICLE III
CENTER PREMISES

3 1 Lease

As used in this Agreement, the word "lease" also means any sublease or other agreement or document by which Franchisee is allowed to occupy its Center location, including a deed by which Franchisee owns it

3 2 Location for Center

Franchisor has no responsibility for finding a location for Franchisee It is Franchisee's responsibility to find a location for its Los Taxes Center Franchisor will consult with Franchisee regarding what general criteria must be met by Franchisee's Center location so that Franchisee will know what type of location to look for However, before Franchisee can sign a lease for the location, Franchisor must approve the location and the lease, as discussed below

3 3 Franchisor Does Not Guarantee

Franchisee acknowledges that by approving a location, Franchisor does not guarantee in any way that the site or any lease terms are adequate for Franchisee's needs or purposes Such approvals and assistance are solely for Franchisor's own purposes and are not a guarantee that Franchise will succeed in the Center location or under the terms of any lease that Franchisor approves Franchisor's approval only means that the location meets Franchisor's minimum criteria for a Center

3 4 Center Opening

Franchisee's Center shall be open for business within one hundred twenty (120) days from the date of this Agreement Failure to do so shall be grounds for termination of this Agreement In the event this Agreement is terminated, Franchisor shall have all of the rights and Franchisee shall have all of the duties described in this Agreement

ARTICLE IV
DEVELOPMENT OF THE CENTER

4 1 Outfitting of Center

Franchisee agrees to purchase and use all of the signs, equipment, and other items required by Franchisor for its Center from suppliers or vendors approved by Franchisor In addition, Franchisee agrees to purchase all other items Franchisor specifies for Franchisee's Center only from approved suppliers or vendors

4 2 Development of Center

Franchisor shall be available to consult with Franchisee regarding the equipment and signage for Franchisee's Center It shall be Franchisee's sole responsibility, however, to ensure that the Center is equipped, stocked and opened without delay and in accordance with the Confidential Operations Manual and Franchisor's directives

4 3 Opening Inventory

Franchisee agrees to order as its opening inventory all of the Approved Products Franchisor specifies in the amounts designated by Franchisor In the event Franchisor or its Affiliate provides Franchisee directly with any Approved Products or other items in connection with the opening of the Center, Franchisor or its Affiliate has the right to reasonably earn a profit on those items

4 4 Signs

Franchisor must provide its prior approval, in writing, of all signs that Franchisee proposes to use at any time on, in or in connection with the Center

4 5 Modifications to Center Image

Franchisor reserves the right to change the design of "Los Taxes" Centers, their format, color, trade dress, signage, commercial symbols, decor, products, services and all other aspects of "Los Taxes" Centers and their business at any time in Franchisor's reasonable business judgment in order to meet competition, to attempt to enhance the business of "Los Taxes" Centers, or to improve their appearance If Franchisor makes any of these changes, Franchisee agrees to comply with such changes in the manner and within the time frames specified by Franchisor Franchisor agrees and affirms that none of these changes will require Franchisee to perform any major remodeling or redecoration of the Center more

often than once every five (5) years All changes made to Franchisee's Center shall be at Franchisee's sole cost and expense

ARTICLE V
FEES AND REPORTING

5 1 Application Fee

You must submit an application to become a franchisee under Los Taxes system We do not have an Application Fee and we reserve the right to disapprove your franchise application if you cannot satisfactorily prove to us that you have sufficient computer skills to operate the franchise

5 2 Franchise Fee

In consideration of the grant of this franchise, the Franchisee shall pay to the Franchisor by cashier's or certified check the non-recurring initial franchise fee for the franchise hereunder, payable upon the execution of this Agreement The initial franchise fee shall be deemed to have been fully earned by the Franchisor upon execution of this Agreement and is not refundable The initial franchise fee shall be **Twenty Thousands Dollars ($20,000 00)** and includes a population of less than twenty thousand ($20,000) people The Exclusive Territory will be described on Exhibit A hereto and may be delineated by mileage radius around the Center or by street, city, county, state and/or zip code

If, during the term of this Agreement, Franchisee wishes to purchase additional Exclusive Territories, Franchisee must execute another Franchise Agreement for the new Exclusive Territory, using Franchisor's then-current form of Franchise Agreement, and pay Franchisor's then-current fees for the new Exclusive Territory

5 3 Royalty Fee

Franchisee agrees to pay Franchisor a non-refundable royalty ("Royalty Fee") equal to **Twenty Five Dollars ($25)** for each tax return that is prepared at the Center The Royalty Fee will be debited each week during "tax season" (which is defined as January 1st through April 30th of each year), and will be debited each month for the remainder of the year

(a) Franchisor will collect the Royalty, and any other amounts due to Franchisor or its affiliate under this Agreement, by deducting such amounts from Franchisee's operating account via electronic funds transfer on the Wednesday of each week during tax season, and on the tenth (10th) day of each month for the remainder of the year In the event the Royalty due date is not a business day, Franchisor will debit Franchisee's account on the next business day Franchisee shall establish an arrangement for electronic funds transfer or deposit of any payments required under this Agreement Franchisee shall execute Franchisor's current form of "Electronic Funds Transfer Authorization (Direct Debits)," a copy of which is attached to this Agreement as Exhibit H, and Franchisee shall comply with the payment and reporting procedures specified by Franchisor in the Confidential Operations Manual Franchisee expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of Royalty Fees and Advertising Fees (and all other amounts provided for in this Agreement) shall be absolute, unconditional, and fully earned Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or set-off same against any claims or alleged claims Franchisee may allege against Franchisor, the Fund or others Franchisee shall not, on grounds of any alleged non-performance by Franchisor or others, withhold payment of any fee, including without limitation Royalty Fees or Advertising Fees, nor withhold or delay submission of any reports due hereunder

(b) Franchisee agrees that sufficient funds will be made available in its account for withdrawal

(c) If Franchisee does not provide Franchisor with the report of the Center's activity, as required by Franchisor, Franchisor may debit Franchisee's account for the same Royalty Fee that Franchisor most recently debited If the Royalty Fee Franchisor debits is less than the Royalty Fee Franchisee actually owes to Franchisor Franchisor will debit the account for the balance due on a day specified by Franchisor If the Royalty Fee Franchisor debits are greater than the Royalty Fee Franchisee actually owes Franchisor, Franchisor will credit the excess against the amount Franchisor would otherwise debit from the account during the following week (or month, as applicable)

5 4 Bank Product Fee

In addition to the Royalty Fee set forth in Section 5 3, Franchisee agrees to pay to Franchisor a non-refundable Bank Product Fee equal to **Ten Dollars ($10)** for each bank product requested by or sold to a client, such as a refund anticipation loan The Bank Product Fee is payable at the same time and in the same manner as the Royalty Fee The Bank Product Fee only applies, if permitted by law, additional charges may apply in states which allows these type of fees to consumers

5 5 eStorage Fee

In addition to the Royalty Fee set forth in Section 5 3, and Bank Product Fee set forth in Section 5 4, Franchisee agrees to pay to Franchisor a non-refundable eStorage Fee equal to **Five Dollars ($5 00)** for each tax return prepared and charged This fee is for storage of clients returns and documents in case franchisee is not able to recover documents after a disaster

5 6 Advertising Contributions

Recognizing the value of uniform national and regional advertising and promotion of the System, the Franchisee, in further consideration of the grant of this franchise, agrees to pay to the Franchisor, upon its establishment of an advertising fund and upon thirty (30) days' notice from Franchisor, an annual non-refundable advertising contribution ("Advertising Fee") to the advertising fund To date, we have not established an Advertising Fund and at this time there is no Advertising Fund Fee Franchisor and the board will determine the annual budget for advertising expenditures and will allocate such expenditures equally among all Centers in the System, both owned by franchisees and owned by the Franchisor or its affiliates

5 7 Interest on Late Payments

To encourage prompt and timely payment of Royalty Fees and Advertising Fees and to cover the costs and expenses involved in handling and processing any payments not received by their due dates, Franchisee shall also pay, upon demand, for each day that required payments are late, interest in an amount equal to the lesser of (i) one and one-half percent (1 5%) per month, or (ii) the highest rate permitted by law Such charges shall accrue from the date payment was due until the date payment is actually received by Franchisor Notwithstanding the foregoing, each failure to pay Royalty Fees, Advertising Fees or other payments payable to Franchisor when due will be a material breach of this Agreement and shall give Franchisor, in addition to all other rights and remedies hereunder, the right to terminate this Agreement

5 8 Annual Dues

Franchisee shall pay to Franchisor, by **October 1st of each year**, annual dues equal to **One Thousand Seven Hundred and Fifty Dollars ($1,750)** The annual dues are for annual e-training programs presented by Franchisor, for the income tax preparation software that Franchisee is required to use, and for maintenance of Franchisor's web management system

5 9 Application of Payments

Franchisor shall have sole discretion to apply any payments received from Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Advertising Fees, purchases made from Franchisor or its affiliates, late payment charges or any other indebtedness of Franchisee to Franchisor or its affiliates

5 10 Bookkeeping, Accounting and Records

The Franchisee shall use a bookkeeping, accounting, inventory control, computer and record-keeping system for the business of the Center that is approved by Franchisor, and Franchisee shall retain all invoices, order forms, time cards, payroll records, cash register tapes, check stubs, bank deposit receipts sales tax records and returns cash disbursements journals and general ledgers Franchisee shall keep such original documents at the Center throughout the term of this Agreement, and for at least seven (7) years thereafter, at a location of which Franchisor shall be kept advised, unless Franchisor gives written permission to dispose of such records

5 11 Reports and Tax Returns

Franchisee shall furnish to Franchisor throughout the term of this Agreement in the form from time to time prescribed by Franchisor

(a) during tax season by Monday of each week, a report of the Center's activities for the prior week ending Sunday (including such information as may be required in the Confidential Operations Manual) verified by the Franchisee on forms to be supplied or approved by the Franchisor,

(b) at times other than during tax season by the fifth (5th) day of each month, a report of the Center's activities for the prior calendar month (including such information as may be required in the Confidential Operations Manual), verified by the Franchisee on forms to be supplied or approved by the Franchisor

(c) within thirty (30) days after the documents referred to in Section 5 11 hereof are filed, an exact copy of all returns, schedules and reports filed by the Franchisee for income, corporate or sales tax purposes,

(d) within ten (10) days after the end of each quarter, a statement of the Center's activities for such quarter and for the year to date, a profit and loss statement for such quarter, and a profit and loss statement from the beginning of the Franchisee's latest financial year, on such forms as the Franchisor may specify,

(e) within sixty (60) days after the end of each fiscal year of the Franchisee, an unaudited balance sheet, statement of profit and loss and source and application of funds from the beginning of that fiscal year, prepared by an independent certified public accountant and verified by the Franchisee's statutory declaration as to the information furnished to such accountant, and

(f) such other reports, statements, sales slips, order forms, records, calculations and indices as the Franchisor may, from time to time, require

Notwithstanding the above, the Franchisor shall have independent and continuous access to communicate directly with the Franchisee's computer system and to poll the same on a daily, weekly or monthly basis as determined by the Franchisor from time to time

5 12 Audited Statements

If the Franchisor, in its sole discretion, determines that any report, financial statement, tax return or schedule furnished by the Franchisee understates the income of the business, distorts any other information or is incomplete, unclear or misleading, it shall have the right to require the Franchisee to furnish audited annual financial statements for that year at the Franchisee's sole cost and expense, with such statements being prepared in accordance with generally accepted accounting principles consistently applied

5 13 Audit

The Franchisor or its representatives or agents shall have the right at any time during normal business hours, and without prior notice to the Franchisee, to inspect, copy, request, receive and/or audit or cause to be inspected, copied, requested, received and/or audited the business records, bookkeeping and accounting records, sales, reports, financial statements and tax returns that the Franchisee is required to submit to the Franchisor hereunder along with the Franchisee's books and records and those of any corporate entity to which the Franchisee has assigned this Agreement in accordance with Section 16 3 hereof If the Franchisor should determine that an audit is necessary during the term of the franchise, the Franchisee will upon notice, deliver to the Franchisor all required records and documents and fully cooperate with representatives of the Franchisor conducting any such audit In the event that any such audit should disclose an understatement for any week(s), the Franchisee shall pay, within fifteen (15) days after receipt of the audit report, two (2) times the fees, contributions and any other amounts (including, without limitation, interest pursuant to Section 5 6 hereof) due upon the amount of such understatement Further, in the event such audit is made necessary by the failure of the Franchisee to furnish reports, financial statements, tax returns or schedules as herein required, or if an understatement for any week is determined by any such audit to be greater than two percent (2%) for such week disclosed by the audit, the Franchisee shall reimburse the Franchisor for the cost of such audit, including, without limitation, the charges of any independent accountants, legal fees, and travel expenses, room, board and compensation of their employees or representatives, but not less than Two Hundred Fifty Dollars ($250), and shall remit to Franchisor a sum equal to two (2) times the under-reported amount The foregoing remedies are in addition to all other rights and remedies Franchisor may have under this Agreement or under applicable law, including but not limited to termination of this Agreement

5 14 Information from Others

The Franchisee hereby authorizes the Franchisor to make reasonable inquiries of the Franchisee's bank, credit reporting agencies, suppliers and trade creditors concerning the business of the Center and hereby directs such persons and companies to provide to the Franchisor such information as it may request

5 15 Inspection

The Franchisor or its representatives or agents shall have the right at any time during normal business hours and without prior notice to the Franchisee to enter and inspect the Premises and all aspects of the operation of the Center together with all records, books of account, tax returns and other

documents and materials in the possession or under the control of the Franchisee relating to the business of the Center, the Franchisee and the subject matter and terms of this Agreement, including, without limitation, all records of the Franchisee required to be maintained pursuant to applicable law, to ascertain that the Franchisee is operating the Center in accordance with the System, the terms of this Agreement and the Confidential Operations Manual The Franchisor or its representatives or agents shall be allowed to make extracts from or copies of any such material and to take samples of any products sold at the Center and immediately remove any unauthorized products from the Center without any liability to Franchisor, including, but not limited to, payment for such unauthorized products In the event that the Franchisor gives notice to the Franchisee of any deficiency detected during such inspection the Franchisee shall diligently correct such deficiency as soon as possible, but in any event within five (5) days after receipt of such notice If the Franchisee fails to correct such deficiency within such five (5) day period, the Franchisor shall have the right (but not the obligation) to correct such deficiency on behalf of and at the sole expense of the Franchisee, and in such case the Franchisee shall reimburse the Franchisor for all costs incurred by the Franchisor (including, without limitation, a reasonable charge for the time of any personnel of the Franchisor) in connection therewith

ARTICLE VI
ADVERTISING AND PROMOTION

6 1 The Fund

Recognizing the value of uniform advertising and promotion to the goodwill and public image of the System, the Franchisee agrees that the Franchisor or its designee shall have the right to maintain and administer an advertising fund (hereinafter referred to as the "Fund") for such national and regional advertising programs as the Franchisor may deem necessary or appropriate, in its sole discretion, as follows

(a) the Franchisor shall direct all national and regional advertising programs with sole discretion over the creative concepts, materials, endorsements and media used therein, and the placement and allocation thereof The Franchisee understands and acknowledges that the Fund is intended to maximize general public recognition and acceptance of the System and the Proprietary Marks for the benefit of all Centers operating under the System, and that the Franchisor undertakes no obligation in administering the Fund to ensure that expenditures from the Fund are proportionate or equivalent to the Franchisee's contributions made for its Center, or that any particular Center or franchisee benefits directly or pro rata from the placement of any such advertising,

(b) the Franchisee agrees that the Fund may be used to meet any and all costs of maintaining, administering, directing and preparing national and/or regional advertising materials, programs and public relations activities (including, without limitation, the cost of preparing and conducting television, radio, magazine, billboard, newspaper e-commerce, Franchisor's corporate website, direct mail and other media programs and activities, for conducting marketing surveys, test marketing, employing advertising agencies to assist therewith, and providing promotional brochures, coupons and other marketing materials to all franchisees of the System) Any monies remaining in the Fund at the end of any fiscal year shall carry over to the next year The Fund shall be accounted for separately from the other funds of the Franchisor, and shall not be used to defray any of the Franchisor's general operating expenses, except for such reasonable administrative costs and overhead, not to exceed ten (10%) percent of the amount in the Fund, as the Franchisor may incur in activities reasonably related to the administration or direction of the Fund and its advertising programs,

(c) a statement of the operations of the Fund shall be prepared annually by the Franchisor's accountants and shall be made available to the Franchisee The cost of the statement shall be paid by the Fund Except as expressly provided in this Section 6 1 the Franchisor assumes no direct or indirect liability or obligation to the Franchisee with respect to the maintenance, direction or administration of the Fund, and

(d) the Franchisor and its Affiliate shall, for each Center owned by them, make contributions to the Fund as are required to be contributed by Center franchisees generally within the System

6 2 Local Advertising

Franchisor expects that Franchisee will make every reasonable effort to vigorously and aggressively promote and increase the demand for the services and products of the Center by conducting, at its further expense, local advertising during the term of this Agreement The Franchisee shall obtain and pay for listings for the Center in the white pages and classified sections (Yellow Pages) of all local telephone directories distributed in the area in which its Center is located, as required by the Franchisor, of the kind and size as may from time to time be specified by the Franchisor If other Centers are served by the same white pages and classified section, the Franchisor shall have the right, in its sole discretion, to require group advertisements and listings therein, to make arrangements directly with the telephone company on the Franchisee's behalf for its participation therein, and to determine the formula for allocating part of the costs thereof to the Franchisee, and the Franchisee shall pay such on demand

Except for the requirement to obtain telephone directory listings as described in the above paragraph, Franchisee shall not be required to spend any minimum amount on advertising in its Exclusive Territory Any advertising that Franchisee proposes to use must be pre-approved by Franchisor, as set forth herein

The Franchisee shall display all such signs, emblems and logos at the Premises as the Franchisor may require from time to time

6 3 Use of Local Advertising Materials

Prior to their use by the Franchisee, samples of all local marketing materials not prepared or previously approved by the Franchisor shall be submitted to the Franchisor for written approval, which approval from Franchisor shall not be unreasonably withheld Any advertising or promotional materials forwarded to Franchisor for its review will become Franchisor's property

6 4 Grand Opening Advertising

The Franchisee must spend between Two Hundred Fifty Dollars ($250) and Three Thousand Dollars ($3,000) for a grand opening advertising campaign to be incurred in connection with the grand opening of the Center The grand opening advertising campaign shall be conducted within sixty (60) days of the Center's opening, unless the Franchisor approves a different timeframe Franchisor retains the option of spending this amount of money on behalf of Franchisee In no event, however, shall any grand opening promotions be conducted prior to Franchisor approving same

6 5 Website

The 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 Center or utilize any domain name derivatives or outlaw websites 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 its Website in connection with the Center 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 the 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 Confidential Operations Manual or otherwise, and Franchisee further acknowledges that Franchisor owns, now and forever, all of Franchisee's web content, designs and configurations 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 its 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 it may not post on its 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 its 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 it proposes to send advertising to multiple addresses via E-mail

Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Center, with such web page(s) to be located within Franchisor's Website Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such web pages, and Franchisor shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page

Franchisor shall have the right to modify the provisions of this Section 6 5 relating to Websites as Franchisor shall solely determine is necessary or appropriate

ARTICLE VII
TRAINING AND TECHNICAL ASSISTANCE

7 1 Managerial Responsibility

It is agreed that at all times during the term of this Agreement, either Franchisee or a fully trained Manager, who is identified in writing to Franchisor and approved by the Franchisor (the "Manager(s)"), shall

(a) devote full time, attention and effort to the active management and operation of the business of the Center,

(b) irrespective of any delegation of authority, not inconsistent with clause (a), reserve and exercise ultimate authority and responsibility with respect to the management and operation of the business of the Center, and

(c) represent and act on behalf of the Franchisee in all dealings with the Franchisor

If two (2) or more individuals are named in this Section, each of them shall fulfill the requirements of clause (a) and both or all of them shall jointly fulfill the requirements of clauses (b) and (c) and shall be identified to Franchisor in writing on a form provided by Franchisor

7 2 Training Program

Franchisor shall make available to the Franchisee a training program which the Franchisee and any Manager(s) must successfully complete prior to the opening of the Center Such training program is available on-line, with additional live assistance available Such training program shall also be available to each of Franchisee's employees Each trainee must satisfactorily complete the on-line training program and receive certification before he/she will be permitted to prepare income tax returns The cost of the initial training program is included in the initial franchise fee payable under Section 5 2

Franchisor will also conduct an annual training program, also to be provided on-line As with the initial training program, Franchisee, its Manager(s) and employees must satisfactorily complete the annual training program and be certified before he/she will be permitted to prepare income tax returns Franchisor does not currently charge a fee for the annual training program, but reserves the right to do so

7 3 Hiring and Training of Employees by the Franchisee

The Franchisee shall hire and train, at its expense, except as may be set forth in Section 7 2, all employees of the Center, and shall be exclusively responsible for the terms of their employment and compensation The Franchisee shall not employ anyone who refuses or fails to complete such training program or achieve the required certification The Franchisee shall at all times maintain a sufficient number of trained employees to service the Franchisee's clients, but at least the minimum number specified by the Franchisor

You are solely responsible for hiring, firing and establishing employment policies applicable to your employees, and understand and agree that this Franchise Agreement does not impose any controls, or otherwise impinge on your sole discretion to make all employment-related decisions

No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts employee or employment-related responsibility from you to us You alone are solely responsible for the acts and omissions of its employees and agents, including, without limitation, its General Manager, and for the hiring, firing, training, setting hours for and supervising all of your employees

RELATIONSHIP OF THE PARTIES

7 4 No Relationship

The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that you shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose

It is intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason If we incur any cost, loss of damages as a result of any actions or omissions of you our your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such loss

7 5 Operating Assistance

The Franchisor shall make available to the Franchisee such operating assistance and training on a continuing basis as the Franchisor considers appropriate and which may consist of advice and guidance with respect to

(a) methods and procedures for the Approved Products and Services,

(b) such additional services and products as the Franchisor may approve, from time to time, to be used or offered for sale by franchisees,

(c) the purchase, operation, maintenance and use of displays, uniforms, materials and supplies,

(d) formulating and implementing advertising and promotional programs using such merchandising, marketing and advertising research data and advice as may, from time to time, be developed by the Franchisor and deemed by it to be helpful in the operation of the Center,

(e) the establishment and implementation of administrative, bookkeeping, accounting, inventory control and general operating procedures for the proper operation of the Center, and

(f) the operation, cleanliness and efficiency of the Center

ARTICLE VIII
DUTIES OF FRANCHISOR

8 1 Franchisor's Duties

During the term of this Agreement, the Franchisor shall, at its expense, offer to the Franchisee the following

(a) an initial training program in System standards, specifications, methods and techniques as provided for in Section 7 2 hereof,

(b) such periodic continuing individual or group advice, consultation, and assistance, rendered in person, by weekly correspondence (electronic or otherwise), or by periodic telephone or written communications made available from time to time to all franchisees of the System, as the Franchisor may deem necessary or appropriate to assist the Franchisee in conforming to the requirements of the System Such continuing advice will include, but not be limited to, such topics as products and services to be offered to clients, improvements and developments in operating a center, pricing, and administrative, bookkeeping, accounting and inventory control procedures,

(c) subject to Section 11 1 hereof, to lend to the Franchisee one (1) copy of the Confidential Operations Manual and one (1) copy of any other manuals designated for use with the System, which manuals may be in paper or electronic format, as well as such additions and modifications thereto as the Franchisor may, in its sole discretion, issue from time to time,

(d) new, modified or supplemented standards for the System that, in Franchisor's sole discretion, are beneficial or necessary to maintain the uniformity and goodwill of the System utilized by all franchisees, and

(e) the opportunity for Franchisee to purchase Products required to open the Center from Franchisor, its affiliate or from designated suppliers and to provide buying advisory services

8 2 Products and Services

Upon request and at the Franchisee's expense, the Franchisor shall offer to the Franchisee, during the term of this Agreement, any of the following services and products which it is then offering to other franchisees and on the same terms and conditions

(a) supplies of signs equipment, accessories, printed business forms and other materials and supplies used in the operation of the Center,

(b) on-site assistance by a person employed or retained by the Franchisor at mutually convenient times, and

(c) periodic supplemental training, as set forth in Section 7 2 hereof

8 3 System Maintenance

The Franchisor shall continue its efforts to maintain uniform standards of quality, cleanliness, appearance and service at all Centers in the System, to promote, protect and enhance the public image and reputation of the System, and to increase the demand for the services and products offered by all System franchisees and to that end the Franchisor shall

(a) administer a program for national and regional advertising and promotion, subject to the provisions of Section 6 1 hereof,

(b) review all other materials prepared by the Franchisee for use in local advertising and promotion pursuant to Section 6 3 hereof, and

(c) conduct periodic inspections of the services and products provided to the public by the Franchisee's Center

8 4 Web Management System

Franchisor has developed a web management system for use with the operation of all Los Taxes Centers Franchisee agrees to adopt and use such web management system and to execute and delivery any and all documents that Franchisor requires in order to use the web management system The web management system is designed, among other things, to assist franchisees in their reporting requirements to Franchisor and to disseminate updates to the System

ARTICLE IX
DUTIES OF THE FRANCHISEE

9 1 Obligations of Franchisee

In order to maintain the high quality and uniform standards associated with the System and the Proprietary Marks, and to promote and protect the goodwill associated therewith, the Franchisee shall

(a) at all times comply strictly, and cause the Center to comply strictly, with all standards, specifications, processes, procedures, requirements and reasonable instructions of Franchisor regarding

the operation of the Center Franchisee shall adopt as a standard for performance and operation of its Center the standards of Franchisor and conform to all specifications relating to construction decor, design equipment products, services, uniforms, signs, displays or decorations, and other identifying materials, uniform record keeping practices, days and hours of operation and such other matters as may be stated in the Confidential Operations Manual, any administrative bulletins, and other confidential manuals or materials developed by Franchisor, or otherwise, as any of same may be modified from time to time by Franchisor To insure the conformance and compliance by Franchisee with Franchisor's standards of performance, Franchisee will permit Franchisor, its officers, employees and designated representatives to enter its Center at any time and from time to time to conduct an inspection to ascertain whether or not the uniform standards are being met,

(b) at all times keep and maintain the Center Premises and the equipment and furnishings in a neat, clean, orderly and sanitary condition, and the equipment and furnishings in good repair and maximum working condition In connection therewith, Franchisee shall from time to time abide by any reasonable requirement of Franchisor with regard to the remodeling and upgrading of the Center to comply with standards then applicable to new "Los Taxes" franchisees If at any time during the Initial Term or any renewal thereof, any of the equipment and furnishings become obsolete or depreciated, then to the extent that they require replacement in accordance with Franchisor's standards, Franchisee will replace the same with items required by Franchisor's then-current standards and specifications Franchisee shall not attach or exhibit any signs, displays, or posters on or in the interior of said building other than signs, displays or posters then currently supplied, required, or authorized in writing by Franchisor, nor shall Franchisee permit or suffer others to do so,

(c) operate the Center in accordance with the Confidential Operations Manual and strictly comply with the standards specifications, requirements and instructions in the Confidential Operations Manual or as may be otherwise communicated to Franchisee by Franchisor Franchisee must comply strictly with all standards, specifications, processes, procedures, requirements and instructions of Franchisor whether they now exist or are hereafter established from time to time regarding the operation of the Center The Center and everything located therein must be maintained in first-class condition and repair and must be kept clean, neat and sanitary It must be operated in a clean, wholesome and sanitary manner consistent with Franchisor's requirements All maintenance, repairs and replacements requested by Franchisor or needed in connection with the Center must be made promptly All employees of Franchisee must be clean and neat and must wear the required uniform, if any, at all times,

(d) offer for sale all the Approved Products and Services and only the Approved Products and Services, as same exist from time to time All Approved Products and Services must be offered for sale on a continuous basis at the Center at the time and in the manner required by Franchisor No sale of any product or service except Approved Products and Services may be solicited, accepted or made at or from the Center If requested by Franchisor on at least thirty (30) days' notice as part of a general program or standardization effort by Franchisor, the marketing of an Approved Product or Service must be discontinued In such an event, such product or service ceases to be an Approved Product or Service,

(i) Franchisor may, from time to time, conduct market research and testing to determine consumer trends and salability of new products and services Franchisee must cooperate by participating in Franchisor's market research programs, test marketing new products and services and providing timely reports and other relevant information regarding marketing research In connection with such test marketing, Franchisee must purchase a reasonable quantity of products to be tested and effectively promote and make a reasonable effort to sell such products and services

(iii) Franchisee shall not (a) sell any unapproved product or service, (b) sell any product or service at or from any place except the Center, or (c) prepare or deliver any product or service at any place other than the Center,

(e) at its own expense, promotionally display in and upon the Premises "Los Taxes" advertising signs of such nature, form, color, number, location, size and containing such material as Franchisor shall direct or approve in writing Only signs or advertising media approved by Franchisor shall be displayed by Franchisee in or upon the Center Premises or elsewhere All signs must be purchased from suppliers approved by Franchisor Franchisee shall install and maintain such signs at its own expense for the period that such signs remain in Franchisee's possession Upon termination of this Agreement for whatever reason the signs shall become the property of Franchisor, and Franchisee shall promptly remove and procure any such signs and deliver them to Franchisor according to its direction,

(f) adhere to Franchisor's minimum quality standards and specifications for all facets of the "Los Taxes" franchise, including equipment, signage, layout design, decor, fixtures, inventory supplies, advertising and sales promotion materials and other products or materials used in the operation of a Center Such standards and specifications have been established by Franchisor for uniformity, quality control and to protect, maintain and foster its reputation, goodwill and public acceptance All such information regarding standards and specifications is contained in the Confidential Operations Manual The Confidential Operations Manual is incorporated in this Agreement by reference and Franchisee agrees to comply with all provisions therein All such standards and specifications may be modified at any time by Franchisor Franchisor will provide Franchisee with a list of and specifications for the equipment and fixtures which are consistent with the standard Center Franchisor will provide Franchisee with a list of recommended fixtures and equipment and the approved suppliers thereof, which list may be modified by Franchisor from time to time Franchisor shall also provide Franchisee with lists and specifications of approved promotional materials, supplies, and other inventory items needed in the daily operation of Centers Franchisor will afford Franchisee the opportunity to purchase in sufficient quantity, and in a timely manner to meet Franchisee's reasonable needs, such proprietary products and supplies as Franchisor or its affiliated companies are in the business of selling Franchisee will also have the opportunity to purchase from Franchisor advertising, promotional and training materials developed by Franchisor

(i) Franchisor has and will continue to periodically approve suppliers and distributors of the products, materials and supplies used in the operation of a Center that meet Franchisor's standards and requirements, including, without limitation, standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and client relations Franchisee must purchase all products, materials and supplies only from distributors and other suppliers approved by Franchisor from time to time

(ii) Franchisor may approve a single distributor or other supplier (collectively "supplier") for any product and may approve a supplier only as to certain products Franchisor may concentrate purchases with one (1) or more suppliers to obtain lower prices or the best advertising support or services for any group of Centers Franchisor may, if it chooses, take advantage of discounts offered by a supplier in connection with the acquisition of large quantities of products and resell said products to Franchisee at a profit Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending Franchisor's continued evaluation of the supplier from time to time

(iii) If Franchisee desires to purchase any items from any unapproved supplier, Franchisee must submit to Franchisor a written request for approval of the proposed supplier and obtain Franchisor's written approval of the supplier prior to purchasing any such items from said supplier Franchisor may inspect the proposed supplier's facilities and require product samples from the proposed supplier to be delivered at Franchisor's option either directly to Franchisor or to any independent entity which Franchisor designates for testing Franchisee or supplier may be required to pay Franchisor a non-refundable fee (not to exceed Two Hundred Fifty Dollars ($250) per request) to make the evaluation, which evaluation and ultimate approval or rejection shall be completed within thirty (30) days of submission Franchisor reserves the right to periodically re-inspect the facilities and products of any approved supplier and to revoke its approval if the supplier does not continue to meet any of Franchisor's criteria Franchisor shall in no event be obligated to approve any proposed supplier,

(g) if the manufacturer or supplier of any Products equipment, supplies, goods, or other items that Franchisee purchases remits to Franchisor any rebate, allowance, discount or other sum on account of said purchases, Franchisor may keep such amount, distribute such amount among franchisees, or allocate such amount to the Fund, in its sole discretion,

(h) comply with all mandatory specifications, standards and operating procedures relating to the appearance, function, cleanliness, sanitation and operation of a Center Mandatory specifications, standards, and operating procedures prescribed from time to time in the Confidential Operations Manual, or otherwise communicated to Franchisee in writing, will constitute provisions of this Agreement as if fully set forth in this Agreement All references to "this Agreement" include all such mandatory specifications, standards and operating procedures,

(i) secure and maintain in force in its name all required licenses, permits and certificates relating to the operation of the Center Franchisee must operate the Center in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to tax return preparation, workers' compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes and sales taxes All necessary and appropriate measures must be taken to avoid unsatisfactory safety, sanitation or health ratings at all times from government authorities Conditions or practices disapproved by any such authorities must be corrected promptly except that, after consultation between Franchisee and Franchisor, Franchisee may contest in good faith the action by such authority as being arbitrary, capricious, unfair or unlawful All advertising employed by Franchisee must be completely factual, in good taste (in Franchisor's judgment), and must conform to the highest standards of ethical advertising Franchisee must in all dealings with Franchisor, clients, suppliers, and public officials adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct Franchisee must refrain from any business or advertising practice which may be harmful to the business of Franchisor, the goodwill associated with the Proprietary Marks or other Centers Franchisee must notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental unit, which may adversely affect the operation or financial condition of Franchisee or the Center, or of any notice of violation of any law, ordinance or regulation relating to health or safety,

(j) assure that at all times the Center must be under the direct, on-premises supervision of a Manager who has satisfactorily completed Franchisor's training program Franchisee shall staff the Center with the number of Managers, assistant managers or other key personnel as Franchisor specifies from time to time Franchisee shall hire all employees of the Center and be exclusively responsible for the terms of their employment, their compensation, and for the proper training of the employees in the

operation of the Center and shall require all such personnel including Franchisee, to execute Franchisor's Non-Competition and Confidentiality Agreement in the form annexed hereto as Exhibit "D" Franchisee shall ensure that all employees hired to prepare tax returns have successfully completed the required training and have been certified to prepare tax returns Franchisee may not recruit or hire, either directly or indirectly, any employee (or former employee for six (6) months after his or her employment has ended) of another Center without the advance written permission of Franchisor or the employer-franchisee (If Franchisee violates this provision, Franchisee shall pay the hired employee's former employer fifty percent (50%) of the hired employee's annual salary, plus all costs and attorneys' fees incurred as a result of the violation),

(k) provide that payment for all products and services purchased from the Franchisor by the Franchisee shall be due and payable within fifteen (15) days after receipt of an invoice therefor, unless otherwise specified in the Confidential Operations Manual All other supplies, forms, documents and equipment required for the operation of the Center and not required to be purchased from the Franchisor or its designees may be purchased from the Franchisor or from any source or supplier approved or designated in writing by the Franchisor or from any other source or supplier, provided that the Franchisor shall have first approved in writing such other source or supplier, which approval shall not be unreasonably withheld so long as the standards of the System are met,

(l) maintain at all times such arrangements with (and only with) such credit card issuers or sponsors, and shall implement and at all times operate such computer systems and credit verification systems as the Franchisor may designate from time to time,

(m) assure that its Manager(s) and other personnel of the Center as the Franchisor may direct shall attend and participate at such annual or supplemental training courses, seminars and franchisee meetings as may be specified by the Franchisor from time to time In the event that such courses, seminars and/or meetings are presented by Franchisor in a live forum, and not on-line, the Franchisor shall have the right to charge the Franchisee a reasonable fee for such additional or supplemental training courses, seminars or franchisee meetings and the Franchisee shall also be responsible to pay all travel, accommodation, meals, wages and other expenses of the Franchisee and its Manager(s) and other personnel in respect of attending and completing such courses, seminars or meetings

9 2 Innovations to System

Should Franchisee, or anyone affiliated with Franchisee, develop any innovations, ideas, products or discoveries related to Los Taxes Centers or any of the concepts, Products or anything else associated with them, including but not limited to the Franchisor's website and web management system, Franchisee shall advise Franchisor promptly of the innovation, idea, product or discovery Franchisor has sole discretion over the decision to implement such innovation, idea, product or discovery Franchisee shall not use such innovation, idea, product or discovery without prior authorization from Franchisor

All innovations, ideas, products and discoveries developed or used in connection with the System or with the Centers become Franchisor's property, whether developed by Franchisor, by Franchisee, an affiliate of Franchisee, or any other franchisee, and the developer shall assign such innovation, idea, product and/or discovery to Franchisor Franchisor shall not be obligated to provide payment or reward to Franchisee, any affiliate of Franchisee or any franchisee in the System if any innovation idea, product or discovery is developed by any such person, whether or not implemented into the System

9 3 Prohibited Product or Service Fine

In the event Franchisee sells any products or performs any services that Franchisor has not prescribed, approved or authorized Franchisee shall (i) cease and desist offering or providing the unauthorized or unapproved product or from performing such services and (ii) pay to Franchisor, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars ($250) per day for each day such unauthorized or unapproved product or service is offered or provided by Franchisee The prohibited product or service fine shall be in addition to all other remedies available to Franchisor under this Agreement or at law

9 4 Minimum Performance Requirements

After the third (3rd) anniversary of the date of ~~this Agreement~~opening of the first season of the tax center, Franchisee must prepare a minimum of five hundred (500) income tax returns for each tax season ~~Failure~~Franchisor has the option to terminate if the Franchisee fails to meet this minimum performance requirement ~~may result in the termination~~ of this Agreement ~~by Franchisor~~

9 5 Electronic Filing Identification Number, Electronic Filing

Before Franchisee commences operation of the Center, Franchisee must obtain an electronic filing identification number ("EFIN") from the Internal Revenue Service ("IRS") and from the state where the Exclusive Territory is located Franchisee will require the EFIN to file income tax returns electronically for its clients Franchisee must provide electronic filing services when requested for individual federal and state income tax returns, where that option is available, and shall only use the income tax return preparation software designated by Franchisor Franchisee must maintain the right to file income tax returns electronically both with the IRS and any state in which a tax return is required to be filed and which accepts electronic filings Franchisee hereby permits Franchisor to discuss Franchisee's EFIN status with the IRS and any state or local tax agency Franchisee also authorizes the IRS and any state or local tax agency to fully disclose to Franchisor any issues or problems relating to the status of Franchisee's EFIN

9 6 State Compliance

If Franchisee is located in California, Franchisee, its Manager(s), and its employees who will be preparing income tax returns must be compliant with the requirements of the California Tax Education Council ("CTEC") If Franchisee is located in Oregon, Franchisee, its Manager(s), and its employees who will be preparing income tax returns must be compliance with the requirements of the Oregon Board of Tax Practitioners The same applies to the states of New York and Maryland

9 7 Professional Licensure

In the event Franchisee is a licensed professional, including but not limited to a certified public accountant or attorney, Franchisee shall ensure that its license to practice in its state is maintained in good standing at all times during the term of this Agreement If Franchisee's license is suspended or revoked for any reason, it shall be grounds for Franchisor to immediately terminate this Agreement in accordance with Section 13 1

ARTICLE X
PROPRIETARY MARKS

10 1 Proprietary Marks

When used in this Agreement, "Proprietary Marks" mean the "Los Taxes" name, trademark and service marks which are used now or in the future to identify Centers or Approved Products and Services and to distinguish it from that of any other business, and the trademarks, service marks, trade names, logos and commercial symbols as may be designated by the Franchisor from time to time for use in connection with the System

10 2 License of Proprietary Marks

Franchisee is licensed to use the Proprietary Marks, goodwill and trade secrets in the operation of the Center only at the location specified in Exhibit A Nothing in this Agreement shall be construed as authorizing or permitting their use at any other location or for any other purpose, except as may be authorized in writing by Franchisor 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

10 3 Franchisor Retains Ownership

Franchisee acknowledges that the ownership of all of the Proprietary Marks, goodwill and trade secrets remains solely with Franchisor Franchisee shall not register or attempt to register the Proprietary Marks or to assert any rights in them other than as specifically granted in this Agreement

10 4 Use of Proprietary Marks

Franchisee shall only use the Proprietary Marks, logos, trade styles, color combinations, designs, signs, symbols and slogans of or designated by Franchisor, and only in the manner and to the extent specifically permitted by this Agreement or in any manuals, directives or memos (hereinafter collectively referred to as "Confidential Operations Manual") prepared by Franchisor

10 5 Approval of Items Using Proprietary Marks

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

10 6 Cessation of Use after Expiration, Termination or Non-Renewal

Upon the expiration, termination or non-renewal of this Agreement, Franchisee shall immediately cease using the Proprietary Marks, color combinations, designs, symbols or slogans, and Franchisor may cause Franchisee to execute such documents and take such action as may be necessary to evidence this fact After the effective date of expiration, termination or non-renewal, Franchisee shall not represent or imply that it is associated with Franchisor To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute on Franchisee's behalf any document or perform any legal act necessary to protect the Proprietary Marks from unauthorized use Franchisee acknowledges and agrees that the unauthorized use of the Proprietary Marks will result in

irreparable harm to Franchisor for which Franchisor shall be entitled to obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs

10 7 Notification of Infringement

Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of the Proprietary Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of the Proprietary Marks Franchisee also agrees to immediately notify Franchisor of any other litigation instituted by any person, firm, corporation or governmental entity against Franchisor or Franchisee

10 8 Franchisor to Defend

Franchisor shall undertake the defense or prosecution of any litigation concerning Franchisee that relates to any of the Proprietary Marks or that, in Franchisor's judgment, may affect the goodwill of the System, and Franchisor may, in such circumstances, 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 shall cooperate and 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

10 9 Franchisee to Use Only Designated Proprietary Marks

In order to develop and maintain high uniform standards of quality and service and to protect the reputation and goodwill of Franchisor, Franchisee shall do business and advertising using only the Proprietary Marks designated by the Franchisor Franchisee shall not do business or advertise using any other name Franchisee is not authorized to and shall not use the words "Los Taxes" by themselves, as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which Franchisee is associated, or with a bank account, trade account or in any legal or financial connection

10 10 Inspection

In order to preserve the validity and integrity of the Proprietary Marks, and to assure that Franchisee is properly employing them in the operation of Franchisee's business, Franchisor and its agents shall have the right at all reasonable times to inspect Franchisee's business and operations Franchisee shall cooperate with and assist Franchisor's representative(s) in such inspection

10 11 Copyright Symbols

Franchisee shall be required to affix the ©, ®, ™ or ^{SM} symbol upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "Los Taxes" or any other of the Proprietary Marks, whether presently existing or developed in the future

10 12 No Right to Deny Use of Proprietary Marks

Franchisee acknowledges that it does not have any right to deny the use of the Proprietary Marks to any other "Los Taxes" franchisees In consideration therefore, Franchisee shall execute all documents and take such action as may be requested to allow Franchisor or other "Los Taxes" franchisees to have full use of the Proprietary Marks

10 13 Avoidance of Conflict

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

10 14 Indemnification

The Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, all damages, costs, reasonable attorneys' fees and expenses for which it is held liable in any proceeding in which Franchisee's use of any Proprietary Mark pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against it or in any such proceedings in which it is named as a party, provided that Franchisee has timely notified the Franchisor of such claim or proceedings, has otherwise complied with this Agreement and has tendered complete control of the defense of such to the Franchisor If the Franchisor defends such claim, the Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee

10 15 Limited License, Modification of Proprietary Marks

Franchisee understands and agrees that the limited license to use the Proprietary Marks granted hereby applies only to such Proprietary Marks as are designed 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 the Proprietary Marks by virtue of the limited license granted hereunder, or by virtue of Franchisee's use of any of the Proprietary Marks

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 In such event, Franchisor shall have no obligation to reimburse Franchisee for its documented expenses of compliance, such as changing signs, stationery, etc Franchisee waives any 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 Franchisee covenants not to commence or joint in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages

10 16 Name Registrations

Before commencing business at the Center, Franchisee must supply evidence satisfactory to Franchisor that Franchisee has complied with all applicable laws regarding the use of fictitious or assumed names Franchisee must take such steps as Franchisor approves in writing to register the name "Los Taxes" to be able to operate the Center under such name within Franchisee's Exclusive Territory Except for registration of a "d/b/a" or assumed name or other fictitious name certificate in connection with the operation of the Center, Franchisee must not register or attempt to register Franchisor's names or the Proprietary Marks in Franchisee's own name or that of any other entity, nor shall Franchisee make any attempt to register a domain name, whether or not they include domain derivatives, outlaw websites, or the Proprietary Marks

ARTICLE XI
OPERATIONS MANUAL AND CONFIDENTIALITY

11 1 Confidential Operations Manual

The Franchisor has developed and will lend to the Franchisee during the term of this Agreement an operating manual for the Center (herein referred to as the "Confidential Operations Manual") containing mandatory specifications, standards, methods, techniques and procedures for the operation of the Center prescribed from time to time by the Franchisor for its franchisees, and containing information relative to other obligations of the Franchisee hereunder All such specifications, standards and operating procedures shall be consistent with this Agreement and all applicable laws Specifications, standards and operating procedures prescribed from time to time by the Franchisor in the Confidential Operations Manual or otherwise communicated to the Franchisee in writing shall constitute provisions of this Agreement as if fully set forth herein and shall be kept confidential by the Franchisee at all times during the term of this Agreement and after the termination or expiration thereof for any reason The Franchisee shall operate its Center strictly in accordance with the Confidential Operations Manual The Franchisor shall have the right to add to, and otherwise modify, the Confidential Operations Manual from time to time to reflect changes in Approved Products and Services, the System, or the operation of the Center, provided, however, no such addition or modification shall alter the Franchisee's fundamental status and rights under this Agreement The Franchisee covenants to accept, implement and adopt any such modifications at its own cost The Franchisee shall keep the Confidential Operations Manual up to date with replacement pages and insertions as instructed by the Franchisor The Franchisee acknowledges that the Confidential Operations Manual contains proprietary information of the Franchisor and the Franchisee agrees to keep the Confidential Operations Manual and its contents confidential at all times and not to make any copies thereof The Confidential Operations Manual shall at all times remain the property of the Franchisor, and the Franchisee shall promptly return the Confidential Operations Manual to the Franchisor upon the Franchisor's request, and in any event upon the termination or expiration of this Agreement for any reason In the event a dispute arises as to the contents of the Confidential Operations Manual, the master copy maintained by Franchisor shall be controlling In the event Franchisee's copy of the Confidential Operations Manual is lost or damaged and Franchisee requires a replacement copy, Franchisee shall pay to Franchisor its then-current fee to replace the Confidential Operations Manual

11 2 Confidentiality

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 System 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 Confidential information includes, but is not limited to (a) price lists and marketing plans and strategies, (b) Franchisor's web management system and other proprietary computer software functions, capabilities, code, manuals, fixes, work arounds, revision plans, etc , (c) client lists, client identities, client contacts and client preferences (including identities and plans for approaching potential clients), and (d) leasing plans, rates and information Franchisee shall divulge such confidential information only to such of its employees who must have access to it in order to operate the Center Any and all information, knowledge, and know-how, including, without limitation, the materials, equipment, specifications, techniques, and other data which the Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by the Franchisor, or which, at the time of disclosure by the Franchisor to Franchisee, had become a part of the public domain through

publication or communication by others, or which, after disclosure to Franchisee by the Franchisor, becomes a part of the public domain through publication or communication by others

At Franchisor's request, Franchisee shall require any personnel having access to any confidential information provided by the Franchisor to execute 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 the Franchisor and which will include, without limitation, specific identification of the Franchisor as a third party beneficiary of such covenants with the independent right to enforce them

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

11 3 Database

Franchisee acknowledges that Franchisor shall have electronic access to the database of clients at any time without notice

11 4 Return of Confidential Operations Manual

Franchisee shall keep the Confidential Operations Manual in its Center at all times and promptly return all copies to Franchisor upon the expiration or termination of this Agreement, and shall refrain from making any copies thereof or otherwise reproducing it either in whole or in part at any time

ARTICLE XII
INSURANCE

Prior to opening the Center for business, Franchisee must obtain the following insurance coverage under policies of insurance issued by carriers approved by Franchisor (1) comprehensive public liability insurance, including employment practices coverage, against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Center or Franchisee's conduct of business pursuant to this Agreement under one (1) or more policies of insurance containing minimum liability coverage of One Million Dollars ($1,000,000), (2) general casualty insurance including fire and extended coverage, vandalism, theft, burglary and malicious mischief insurance for the replacement value of the Center and its contents and employment practices coverage, (3) Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state in which the Center is located, (4) business interruption and rent insurance for a period adequate to reestablish normal business operations with coverage adequate to coincide with the value of the Center Premises and its contents, (5) errors and omissions insurance containing minimum liability coverage of One Million Dollars ($1,000,000), and (6) any other insurance that may be required by the terms of the lease for the Premises or by state or federal law Franchisee must maintain all required policies in force during the entire term of this Agreement and any renewals thereof Franchisor may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances Each insurance policy must name Franchisor (and, if Franchisor so requests, its directors, employees or shareholders) as additional insurer and must provide Franchisor with thirty (30) days' advance written notice of any material modification, cancellation, or expiration of the policy In addition to the foregoing, Franchisee

shall be obligated to adhere to any insurance requirements set forth in its lease or sublease, if different from the above requirements In addition, upon expiration or termination of this Agreement, Franchisee shall maintain the errors and omissions insurance coverage for an additional two (2) years after expiration or termination

Before the expiration of the term of each insurance policy, Franchisee must furnish Franchisor with a Certificate of Insurance for each policy to be maintained for the upcoming term, along with evidence of the payment of the premium for each If Franchisee does not maintain the required insurance coverage, or does not furnish Franchisor with satisfactory evidence of the required insurance coverage and the payment of the premiums for same, Franchisor may obtain, at its option and in addition to its other rights and remedies under this Agreement any required insurance coverage on Franchisee's behalf If Franchisor does that, Franchisee agrees to fully cooperate with Franchisor in its effort to obtain the insurance policies, promptly execute all forms or instruments required to obtain or maintain the insurance, allow any inspections of the Center which are required to obtain or maintain the insurance and pay to Franchisor, on demand, any costs and premiums Franchisor incurs

Franchisee's obligation to maintain insurance coverage, as described in this Agreement, will not be reduced in any manner by reason of any separate insurance Franchisor maintains on its own behalf, nor will Franchisor's maintenance of that insurance relieve Franchisee of any obligations under this Article XII

ARTICLE XIII
TERMINATION

13 1 Automatic – No Opportunity to Cure

This Agreement shall immediately terminate at the end of the term hereof and shall also terminate without notice if the 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

(a) 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 Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable,

(b) takes the benefit of any act or proceeding for winding up its affairs or compromising its debts,

(c) permits or suffers the lease or sublease, if any, to expire or be terminated,

(d) makes an Assignment or sale of the franchise or ownership in the franchise as defined in Article XVI hereof without first complying with the provisions of this Agreement,

(e) Franchisee or any of its owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of its owners otherwise violate any such law, ordinance, or regulation,

(f) Franchisee fails to meet the minimum performance requirement as set forth in Section 9 4, or

(g) Franchisee's license to practice its profession, as described in Section 9 7, is suspended or revoked for any reason

13 2 By the Franchisor – After Notice and Opportunity to Cure

The Franchisor shall have the right to terminate this Agreement effective immediately (in the notice of termination with a specified time period for the opportunity to cure) upon delivery of notice of termination to the Franchisee if

(a) the Franchisee abandons or surrenders or transfers control of the operation of the Center or fails to actively carry on business from the Premises and such condition continues for two (2) days after notice of such default is given, provided, however, the Franchisor shall not terminate this Agreement solely as a result of the Franchisee abandoning the operating of the business associated with the Center due to death without first giving ten (10) days' prior written notice to the Franchisee's trustee, executor, administrator or next of kin as shown in the Franchisor's files,

(b) the Franchisee submits on two (2) or more occasions at any time during the term of this Agreement a report, financial statement, tax return, schedule or other information or supporting record which understates its revenue for any week by more than two percent (2%), unless the Franchisee demonstrates that such understatement resulted from inadvertent error,

(c) the Franchisee fails or refuses to submit any report, financial statement, tax return, schedule or other information or supporting records required herein, or submits such reports more than five (5) days late on two (2) or more occasions during the term of this Agreement,

(d) the Franchisee operates the business associated with the Center in a manner that presents a health or safety hazard to its clients employees or the public and such manner of operation continues uncorrected after notice from the Franchisor or the landlord of the Premises to correct same,

(e) the Franchisee fails or refuses to pay any amount owed to the Franchisor or any company affiliated with the Franchisor for any debt whatsoever within ten (10) days after a demand for payment or fails to honor on two (2) or more occasions during the term of this Agreement checks presented by the Franchisee for payment or repeatedly and consistently pays any amount due hereunder after its due date,

(f) the Franchisee sells or offers for sale any unauthorized product or service after notice from the Franchisor to cease doing the same,

(g) the Franchisee fails to comply with any other provision of this Agreement or any other specification, standard or operating procedure prescribed by the Franchisor and does not correct such failure within thirty (30) days after written notice of such failure to comply (which notice shall describe the action that the Franchisee must take) is delivered to the Franchisee,

(h) the Franchisee violates any law, ordinance, rule or regulation of any governmental agency in connection with the operation of the Center,

(i) repeated and frequent justifiable complaints are made by clients of the Franchisee,

(j) the Franchisee willfully or fraudulently misrepresents any fact, condition or report required to be made by this Agreement,

(k) the Franchisee commits breaches hereof such that, during any consecutive twelve (12) month period, the Franchisor gives to the Franchisee notices of two (2) or more different breaches, or two (2) or more similar breaches committed on different occasions, whether such breaches are subsequently cured or not, or

(l) the Franchisee breaches any term of the sublease of the Premises, or any other lease, sublease, agreement (including, without limitation, any other franchise agreement) or contract to which the Franchisee and the Franchisor or any of its affiliated or associated companies are parties, or if any franchise agreement to which the Franchisee (or any affiliate of the Franchisee or any person beneficially owning greater than fifty percent (50%) of the voting and equity rights and interests in the Franchisee) and the Franchisor are parties is terminated by the Franchisor

13 3 Loss of Occupancy

In the event Franchisee's lease expires, or if Franchisee's right to the possession of the Center is otherwise lost without fault of the Franchisee, in Franchisor's reasonable judgment, Franchisor shall not terminate this Agreement, provided that Franchisee relocates and reopens its Center at a location within the Exclusive Territory and under occupancy terms acceptable to Franchisor In this relocation, Franchisee agrees to comply with Franchisor's then-current location, leasing, design, construction and opening requirements In addition, such relocation shall occur and Franchisee's business must be open to the public within ninety (90) days from the date on which the prior lease terminated or possession of the Center was lost

In the event this Agreement is terminated as a result of Franchisee being unable to relocate its Center as discussed in Section 13 3 above, and provided that Franchisee has made a good faith effort to relocate its Center within the required time period and has not refused to accept any new site that Franchisor may have found for said Center, the termination of this Agreement will not be deemed to be a termination because of a default and the liquidated damages provisions of Section 14 8 of this Agreement will not apply

ARTICLE XIV
THE FRANCHISEE'S RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION

14 1 Payment of Amounts Owed to the Franchisor and Other Creditors

The Franchisee agrees to pay, within seven (7) days of the effective date of termination or expiration of this Agreement, all amounts owed to the Franchisor and any company affiliated with the Franchisor and the Franchisee's trade and other creditors which are then unpaid All periodic payments shall be deemed to accrue daily and shall be adjusted accordingly

14 2 Return of Manuals and Retention of Records

The Franchisee agrees that, within fifteen (15) days of the effective date of termination, non-renewal or expiration of this Agreement for any reason, it will immediately return to the Franchisor all copies of the Confidential Operations Manual and all lists of clients, prospect and leads of the Center and all promotional or other materials of a proprietary nature or which bears any of the Proprietary Marks The Franchisee shall retain all business records for at least seven (7) years following the expiration of termination of this Agreement and shall keep the Franchisor advised of the location of such records

14 3 Cancellation of Assumed Names, Transfer of Phone Numbers

The Franchisee agrees, upon termination, non-renewal or expiration of this Agreement for any reason, to take such action as may be required to cancel all registrations relating to the use of any of the Proprietary Marks and will not directly or indirectly at any time or in any manner identify any premises or any business as a franchise, or itself as a franchisee, of the Franchisor, and the Franchisee shall not, in any manner or for any purpose, use any of the Proprietary Marks or any colorable imitation thereof The Franchisee shall notify the telephone company and all listing agencies of the termination or expiration of the Franchisee's right to use any telephone number and any classified or other telephone directory listings associated with such names and to authorize the transfer of same to the Franchisor or its new franchisee The Franchisee acknowledges that, as between the Franchisor and Franchisee, the Franchisor has the sole rights to and interest in all telephone numbers and directory listings associated with the Proprietary Marks The Franchisee will provide the Franchisor, on execution, with an undated assignment of the telephone number to the Franchisor, in the form annexed hereto as Exhibit "B"

14 4 Signs and Appearance of the Franchisee's Center

In the event that the Franchisee maintains possession of the Premises subsequent to the termination or expiration of this Agreement, the Franchisee agrees to immediately, upon request from the Franchisor, make such alterations and removals or changes in signs and colors as the Franchisor may reasonably request so as to distinguish effectively the Premises from its former appearance and from the then-prevailing Center image

14 5 Continuing Obligations

All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect, notwithstanding such expiration or termination In particular, but without limiting the generality of the foregoing, the provisions of Articles X XI, XIII and XV hereof shall survive termination or expiration of this Agreement In addition, in accordance with Article XII hereof, Franchisee shall be required to maintain errors and omissions insurance for two (2) years following the expiration or termination of this Agreement

14 6 Transfer of Domain Names, Websites and Search Engines

Upon termination or expiration of this Agreement, Franchisor will have the absolute right to notify InterNIC and all other search engines of the termination or expiration of the Franchisee's right to use all domain names, websites and other search engines for the Center and to authorize InterNIC and all other search engines to transfer to Franchisor or its assignee all domain names, websites and search engines of the Franchisee's Center The Franchisee acknowledges that Franchisor has the absolute right and interest in and to all domain names, websites and search engines associated with the Proprietary Marks, and the Franchisee hereby authorizes Franchisor to direct InterNIC and all search engines to transfer the Franchisee's domain names, websites and search engines to Franchisor or Franchisor's

assignee, if this Agreement expires or is terminated for any reason whatsoever InterNIC and all search engines may accept this Agreement as evidence of the exclusive rights of Franchisor to such domain names, websites and search engines and this Agreement will constitute the authority from the Franchisee for InterNIC and all other search engines to transfer all such domain names, websites and search engines to Franchisor This Agreement will constitute a release of InterNIC and any other search engines by the Franchisee from any and all claims, actions and damages that the Franchisee may at any time have the right to allege against them in connection with this Section 14 6

14 7 Franchisor's Right to Repurchase

Upon expiration, non-renewal or termination of this Agreement, Franchisor shall have the option, exercisable by written notice to Franchisee within thirty (30) days after expiration, non-renewal or termination of this Agreement, to purchase from Franchisee for cash all tangible assets of the Center, including real property Franchisor will also be entitled to an assignment of Franchisee's lease for the Premises of the Center or, if an assignment is prohibited, a sublease for the full remaining term of the lease and on the same terms and conditions as Franchisee's lease The purchase price for said assets shall be an amount agreed upon by Franchisee and Franchisor In the event Franchisee and Franchisor cannot agree on a purchase price within a reasonable time, the purchase price shall be determined by an independent appraiser selected as follows Franchisor and Franchisee shall each select one (1) appraiser and those two (2) appraisers shall select a third appraiser who shall determine the purchase price The decision of the third appraiser shall be binding on all parties Franchisor and Franchisee shall each pay the cost of their respective appraisers, and the cost of the third appraiser shall be divided equally between Franchisor and Franchisee In determining the purchase price, no value shall be included for intangibles, goodwill or going concern value

The closing of Franchisor's purchase of the assets (the "Closing") shall occur at a time and place designated by Franchisor, but in no event later than sixty (60) days after determination of the purchase price The purchase price shall be paid in three (3) equal installments The first installment shall be paid at the Closing and subsequent installments shall be due on the first and second anniversary dates of the Closing Unpaid installments of the purchase price shall accrue interest from the date of the Closing until paid at the prime rate of interest announced from time to time by Citibank, N A or, if said bank stops announcing such a rate, then at the rate such bank charges its largest commercial borrowers for short term borrowing Payment of any accrued interest shall accompany payments to Franchisee of each installment of the purchase price Franchisor shall have the right to offset against and reduce the amount of the first installment of the purchase price, and defer said installment, if necessary, by any and all amounts owed by Franchisee to Franchisor or any of its affiliates If Franchisee is unable to deliver clear title to all the purchased assets or if there are other unresolved issues, the Closing will be accomplished through an escrow

If Franchisor exercises the repurchase option set forth herein, Franchisor shall have the right, pending the Closing, to appoint a manager to maintain the operation of the Center Alternatively, Franchisor may require Franchisee to close the Center during such time period without removing any assets Franchisor has an unrestricted right to assign the option to repurchase set forth herein

14 8 Liquidated Damages

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 average monthly value of the Royalty Fees Franchisee paid to Franchisor during the twelve (12) months of operation preceding the effective date of termination multiplied by (a) twenty-four (24), being the number of months in two (2)

full years, or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher

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 Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty 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 Royalty 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 Royalty 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 Royalty Fee section

ARTICLE XV
NON-COMPETITION

15 1 Non-Competition During Agreement

During the term of this Agreement, the Franchisee shall not individually nor in conjunction with any person, firm, partnership, corporation or other third party as principal, agent, shareholder, director, officer, employee, consultant or guarantor or in any other manner whatsoever, directly or indirectly, carry on or be engaged in or concerned with or interested in, financially or otherwise, or advise in the establishment or operation of, any business which consists primarily of the operation of a center or business which offer the Approved Products and Services similar to those offered at the Center or anywhere else

15 2 Non-Competition Following Termination, Expiration or Transfer

In the event of the expiration, non-renewal or termination of this Agreement for any reason whatsoever, or in the event this Agreement is transferred pursuant to Section 16 2, 16 4 or 16 7 hereof, the Franchisee (or, in the case of a Transfer among the individuals comprising the Franchisee pursuant to Section 16 4, the Transferor individual(s)) shall not, without the prior written consent of the Franchisor, at any time during the period of five (5) years from the date of such expiration or termination or transfer, either individually or in conjunction with any person, firm, partnership or corporation or other third party as principal, agent, shareholder, director, officer, employee, consultant, guarantor or in any other manner whatsoever, directly or indirectly carry on, be engaged in or be concerned with or interested in, financially or otherwise, or advise in the operation of, within a radius in any direction of fifty (50) miles of the Center or within a radius in any direction of fifty (50) miles of any other Center as of the date of this Agreement, any business which consists primarily of the operation of a business which offers tax return preparation services or other products and services similar to those offered at the Center

15 3 Interference with Employment Relations

During the term of this Agreement and for a period of five (5) years after the termination or expiration of this Agreement for any reason whatsoever, or the transfer of this Agreement pursuant to Section 16 2, 16 4 or 16 7 hereof, the Franchisee (or, in the case of a Transfer among the individuals comprising the Franchisee pursuant to Section 16 4, the Transferor individual(s)) shall not solicit for

employment any person who is, at the time of such solicitation, employed by the Franchisor or by any other franchisee of the Franchisor, nor shall the Franchisee directly or indirectly induce any such person to leave his or her employment

15 4 Amendment of Restrictive Covenants

The Franchisee acknowledges that the provisions of this Article XV have been inserted for the sole benefit of the Franchisor and that the Franchisor shall have the right, from time to time during the term of this Agreement in its sole discretion, to waive in whole or in part or otherwise reduce the scope of any covenant set forth in this Article XV or any portion thereof without the Franchisee's consent, effective upon the Franchisor giving notice thereof to the Franchisee

15 5 Other Covenants

The Franchisee covenants that after termination, non-renewal or expiration of this Agreement, regardless of the cause of termination or expiration, the Franchisee shall not, without the Franchisor's prior written consent, directly or indirectly

(a) adopt, use, employ or trade under any of the Proprietary Marks, nor adopt, use, employ or trade under any other name mark or symbol that constitutes a reproduction, counterfeit, copy, imitation or variation thereof, or which is confusingly similar thereto,

(b) adopt, use, employ or trade under any description or representation that falsely suggests or indicates a connection or association with the Franchisor,

(c) copy, communicate or otherwise use for the benefit of the Franchisee or of any other person any information deemed confidential pursuant to Article XI hereof, or

(d) contest or aid others in contesting the validity or enforceability of the Proprietary Marks or the System, contrary to Section 10 1 hereof

15 6 Power of Attorney

The Franchisee hereby irrevocably appoints the Secretary of the Franchisor as the Franchisee's true and lawful attorney to take any action, execute any document, or do any other act or things required by Articles X and XIV hereof at the Franchisee's sole risk and expense upon the Franchisee's failure or refusal to comply fully therewith within ten (10) days after termination, non-renewal or expiration of this Agreement, and the Franchisee further consents and agrees that the Franchisor or its designated agents shall have the right to enter the Center at any time, at the Franchisee's sole risk and expense and without liability for trespass, tort or other act, to make any alterations thereto required by Section 14 4 hereof upon the Franchisee's failure or refusal to do so within ten (10) days after the termination, non-renewal or expiration of this Agreement, and the Franchisee hereby covenants and agrees for its successors and assigns to allow, ratify and confirm whatever the Franchisor or its designated officer shall do by virtue of the foregoing power of attorney The Franchisee hereby declares that the powers of attorney herein granted may be exercised during any subsequent legal incapacity on its part

ARTICLE XVI
ASSIGNMENT, TRANSFER AND SALE

16 1 By Franchisor

Franchisor shall have the right, without the need for Franchisee's consent, to assign, transfer or sell its rights under this Agreement to any person, partnership, corporation or other legal entity provided that the transferee agrees in writing to assume all obligations undertaken by Franchisor herein and Franchisee receives a statement from both Franchisor and its transferee to that effect Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder, except for accrued liabilities if any Franchisee further agrees and affirms that Franchisor 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 Los Taxes Franchise Corp , 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

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 "Los Taxes" 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 Exclusive Territory, 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 tax return preparation business or to offer or sell any products or services to Franchisee

16 2 By Franchisee

The Franchisee shall not, in whole or in part, voluntarily or involuntarily, directly or indirectly, pledge, encumber, mortgage, assign, subdivide, sub-franchise or otherwise transfer any interest in this Agreement, or any interest in the Center or the franchise granted hereunder (including, without limitation, by the personal representatives of the Franchisee in the event of the death of the non-corporate Franchisee, by will, declaration of, or transfer in, trust or the laws of intestate succession), or any interest in the Franchisee or in any proprietorship, partnership or corporation which owns any interest in this Agreement or in the Center or the franchise granted hereunder or in the Franchisee, nor offer, permit or suffer the same without the prior written approval of the Franchisor, which approval shall not be unreasonably withheld If such approval is granted, it shall be conditional upon

(a) the Franchisee being then in full compliance herewith and settling and paying to the Franchisor or its affiliates and all trade creditors of the Center all outstanding debts,

(b) the transferee executing the Franchisor's then-current franchise agreement (which shall have a term equal to the remainder of the term hereof) and such other ancillary agreements, instruments and

documents then customarily used by the Franchisor to grant Center franchises and satisfactorily completing all required training,

(c) the Franchisee and its officers, directors, shareholders, managers and members, if a corporate entity executing a general release of the Franchisor, its officers, directors and employees,

(d) the transferee purchasing all of the Franchisee's assets used in the business of the Center in accordance with all applicable bulk sales legislation and assuming all of the Franchisee's business liabilities,

(e) the transferee being an individual having adequate financial resources and otherwise meeting all the criteria for "Los Taxes" franchisees,

(f) the Franchisor being paid a transfer fee in the amount of Two Thousand Dollars ($2 000) for the administration of such transfer and the preparation, execution and filing of all documentation required by the Franchisor in connection with such transfer, and

(g) the Franchisee and transferee entering into a written agreement of purchase and sale, the form and content of which shall be subject to the Franchisor's approval

16 3 Assignment to Corporate Entity

Notwithstanding Section 16 2, after obtaining the written consent of the Franchisor, the franchise granted hereunder may, subject to Article XVII, be assigned by the Franchisee without charge, once only, to a newly formed corporation, limited liability company or other limited liability entity which shall conduct no business other than the franchise granted hereunder which is actively managed by the Franchisee and in which the Franchisee at all times owns and controls greater than fifty percent (50%) of the equity and voting rights and interests The Franchisee and such corporate entity shall execute an Assignment and Guarantee Agreement in the Franchisor's standard form

In the event of such an assignment by the Franchisee of the franchise granted hereunder to a corporate entity which the Franchisee controls, the Franchisee agrees, as a condition of being permitted to make such assignment, forthwith to cause the entity and its directors, shareholders, manager and members, as the case may be, to acknowledge this Agreement and to agree in writing to be bound by the provisions hereof, cause the entity in its formation documents to provide in effect that its object or business is confined exclusively to the operation of a "Los Taxes" Center as provided in this Agreement, and cause the entity to restrict the issue of, and its directors, shareholders, managers and members, as the case may be, to restrict the transfer of, equity interests of the entity so that the Franchisee shall continuously own greater than fifty percent (50%) of the equity and voting rights and interests in such corporate entity

16 4 Transfer Among Franchisees

In the event that the Franchisee comprises two (2) or more individuals, the Franchisor shall not unreasonably withhold its consent to a sale, assignment or transfer of any kind (a "Transfer") of the interest of one (1) such individual (the "Transferor") in the franchise hereunder to the other individual or individuals comprising the Franchisee, if but only if

(a) the Transferor transfers the whole of such interest in this Agreement and all other agreements relating to the franchise hereunder,

(b) the Transfer shall not relieve the Transferor of the Transferor's obligations hereunder to the Franchisor,

(c) the Transfer shall be completed in accordance with all applicable bulk sales legislation,

(d) the Transferor shall have given the Franchisor at least thirty (30) days' prior written notice of the proposed Transfer, together with all reasonable details thereof which the Franchisor may demand,

(e) the Transferor and the remaining individual(s) with an interest in the Franchisee execute such documents as may be required by the Franchisor in connection with such Transfer, and

(f) the remaining individual(s) with an interest in the Franchisee is (are), in the opinion of the Franchisor, capable of operating the business associated with the Center without the Transferor

16 5 Franchisor's Right of First Refusal

If the Franchisee shall at any time decide to sell the Center or the ownership interest therein, the Franchisee shall obtain a bona fide, executed written offer to purchase the Center, together with all real or personal property, leasehold improvements and other assets used by the Franchisee in connection with the Center, from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to the Franchisor The Franchisor shall, for a period of thirty (30) days from the date of delivery of such offer, have the right, but not the obligation, exercisable by written notice to the Franchisee, to purchase all of the Center and the said assets of the Franchisee for the price and on the terms and conditions contained in such offer, provided that the Franchisor may substitute cash for any form of payment proposed in such offer and there shall be deducted from the purchase price the amount of any commission or fee that would otherwise have been payable to any broker, agent or other intermediary in connection with such sale During said thirty (30) day period, Franchisor shall have the right to inspect all of Franchisee's books and records relating to the Center's operation, specifically including all financial records and statements for the three (3) full fiscal years preceding the date on which the thirty (30) day right of first refusal commences, and if Franchisee is a corporate entity, all corporate minute books and transfer records If the Franchisor does not exercise its right of first refusal, the Franchisee may complete the sale of the Center to such purchaser on the same terms offered to the Franchisor subject to the provisions of Section 16 2 hereof If the sale to such purchaser is not completed within sixty (60) days after delivery of such offer to the Franchisor, the Franchisor shall again have the right of first refusal herein provided

16 6 Temporary Operation of Business by Franchisor

For the purposes of this Section 16 6, "Franchisee" shall include the controlling equity holder of a corporate Franchisee In the event that the Franchisee

(a) fails to keep the Center open for business during the hours required by the Franchisor (whether pursuant to the Confidential Operations Manual or otherwise),

(b) is absent from the Center for more than fifteen (15) consecutive days or for more than thirty (30) days in any consecutive ninety (90) day period, or abandons the Premises, or

(c) dies or becomes incapacitated, which shall be defined as the inability to operate the Center for a period of thirty (30) consecutive days, and the Franchisee's heirs or personal representatives have not yet, or do not, assume control of the business of the Center by means of an assignment (with the Franchisor's approval) pursuant to Sections 16 2 and 16 7 hereof, then, unless and until the Franchisor

terminates this Agreement pursuant to Article XIII or Section 16 7 hereof, the Franchisor shall be entitled to enter onto the Premises and to operate and manage the business associated with the Center for the Franchisee's (or the Franchisee's estate's) account until the franchise hereunder is terminated, assigned to a party acceptable to the Franchisor or until the Franchisee resumes control over the business associated with the Center and operates it in accordance herewith, provided, however, that no such operation and management by the Franchisor shall continue for more than ninety (90) days without the written consent of the Franchisee or the Franchisee's personal representatives or the representatives of the Franchisee's estate In the event that the Franchisor so operates the business associated with the Center, it shall account to the Franchisee (or the Franchisee's estate) for all net income from such operation, less its reasonable expenses incurred in, and a reasonable management fee not to exceed five (5%) percent for, its operation of the Center

16 7 Death or Incapacity

For the purposes of this Section 16 7, "Franchisee" shall include the controlling shareholder of a corporate Franchisee If the Franchisee dies or becomes incapacitated (which shall be deemed to include, in the reasonable opinion of the Franchisor, the inability of the Franchisee, by reason of physical or mental illness or disability, to operate the business of the Center in the ordinary course for a period of thirty (30) days or more in any consecutive ninety (90) day period) so that it (or, in the case of its incapacity only, the Manager(s)) is not able to devote full time and attention to the operation of the business of the Center, then the rights granted hereunder may be transferred to the heirs or personal representatives of the Franchisee, if the Franchisor's prior written consent is obtained, within twelve (12) months from the beginning of the disability or from the date of death In no event will the Franchisor be willing to provide its consent to such transfer unless the conditions set forth in Section 16 2 hereof (save and except the requirement to pay the Franchisor's then-current transfer fee) are satisfied In the event that such conditions (save and except the requirement to pay the Franchisor's then-current transfer fee) are not satisfied, the Franchisor shall have the right in its sole discretion to terminate this Agreement by notice, in the case of death, to the estate of the Franchisee and, in the case of incapacity of the Franchisee, to the Franchisee

ARTICLE XVII
PARTNERSHIP AND CORPORATE FRANCHISEES

If the Franchisee or any successor thereof is a partnership, corporation or limited liability company, or if the franchise granted hereunder is assigned to a partnership, corporation or limited liability company pursuant to Article XVI hereof

(a) upon the execution of this Agreement (or, in the case of an assignment, upon such assignment) and subject to the provisions of Article XVI hereof, upon each transfer of an interest in this Agreement or in the Franchisee, all holders of an interest in the Franchisee shall execute a written agreement with the Franchisor in the form required by the Franchisor individually undertaking to be bound, jointly and severally, by all of the terms of this Agreement,

(b) the articles of partnership, partnership agreement, articles of incorporation, by-laws, articles of organization, operating agreement and other organization documents shall recite that the issuance and transfer of any interest therein is restricted by the terms of Article XVI of this Agreement and copies thereof shall be furnished to the Franchisor at Franchisor's request The Franchisee shall also submit to the Franchisor, at any time upon request, a list of all directors, officers, partners and members or beneficial shareholders reflecting their respective interests in the Franchisee and other information regarding the Franchisee, in such form as the Franchisor may require, and

(c) the Franchisee, if it is a corporation, shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of Article XVI hereof and shall issue no such securities, nor permit any issued securities to remain outstanding, upon the face of which the following printed legend does not legibly and conspicuously appear "The transfer of the shares represented by this certificate is subject to the terms and conditions of a Franchise Agreement with Los Taxes Franchise Corp , dated ___ "

ARTICLE XVIII
TAXES, PERMITS AND INDEBTEDNESS

18 1 Responsibility for Taxes

The Franchisee shall be solely responsible for all expenses of the business franchised by this Agreement and shall promptly pay when due all taxes levied or assessed and all indebtedness to the Franchisor or to others incurred by the Franchisee in connection with the conduct of such business

In addition to monthly Royalty Fees, Franchisor has the right to collect from Franchisee the cost of all income taxes, sales taxes and other taxes arising as a result of Franchisor's licensing of intellectual property to Franchisee in the state where Franchisee's Center is located, as well as any assessment on the Royalty Fees, Advertising Fees and any other income Franchisor receives from Franchisee This fee is payable monthly with the Royalty Fees and only imposed if a state collects these taxes or assessments

18 2 Compliance with Laws

The Franchisee shall comply with all federal, provincial and local by-laws, rules and regulations, and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the business franchised by this Agreement, including, without limitation, licenses to do business, name registrations, sales tax permits and all other licensure and/or bonding requirements related to operating a Center

18 3 Notice of Litigation

The Franchisee shall notify the Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other government instrumentality which may adversely affect the operation or financial condition of the business associated with the Center

ARTICLE XIX
CLIENT RELATIONS

19 1 Cooperation

The Franchisee shall cooperate with the Franchisor and all other franchisees of the Franchisor in promoting good public and client relations with the public generally and with clients and potential clients of the Center

19 2 Notice to Franchisor

The Franchisee shall forthwith forward to the Franchisor copies of all correspondence received from clients containing complaints or compliments regarding service received or products purchased from the Franchisee or from any other franchisee of the Franchisor

19 3 Client Complaints

The Franchisee shall promptly advise and provide the Franchisor with copies of all complaints received from clients The Franchisor shall be entitled to respond to any client complaints or to require the Franchisee to respond to any client complaints

ARTICLE XX
RELATIONSHIP AND INDEMNIFICATION

20 1 Independent Parties

The Franchisee is and will at all times remain an independent contractor and is not and shall not represent itself to be the agent, joint venturer, partner or employee of the Franchisor, or to be related to the Franchisor other than as its independent franchisee No representations will be made or acts taken by the Franchisee which could establish any apparent relationship of agency, joint venture, partnership or employment, and the Franchisor shall not be bound in any manner whatsoever by any agreements, warranties or representations made by the Franchisee to any other person, nor with respect to any other action of the Franchisee. The Franchisee shall not establish any bank account, make any purchase, apply for a loan or credit, or incur or permit any obligation to be incurred in the name or on the credit of the Franchisor

20 2 Non-Liability

The Franchisor shall not be obligated or liable for any injury or death to any person, or damage to or loss of any property caused by the Franchisee's action, failure to act, negligence, breach of this Agreement or willful misconduct, nor for any liability of the Franchisee

20 3 Indemnification by the Franchisor

The Franchisor shall, during the term of this Agreement only, indemnify the Franchisee and hold him or her harmless from and against all expenses and costs (including its attorney and client costs, travel, investigation and living expenses and witness fees, but not for lost business or any type of damages, including, but not limited to, consequential, punitive and incidental damages) for which it is held liable or which it incurs in the defense of any litigation commenced against it as a direct result of its proper use of the Proprietary Marks in accordance herewith, provided that it has timely notified the Franchisor of such litigation or threatened litigation The Franchisor shall have the right to participate in and to control such litigation or proceeding (including the right to compromise or settle such litigation or proceeding) to the extent that the Franchisor deems necessary or advisable, and the Franchisee shall fully cooperate with the Franchisor and execute such documents and do such acts and things as, in the opinion of the Franchisor, may be necessary

20 4 Indemnification by the Franchisee

The Franchisee shall, during the term of this Agreement and after the termination or expiration of this Agreement and in addition to its obligations contained in Article XII hereof, indemnify the Franchisor and its officers, directors and employees, and hold them harmless from and against all damages, losses, claims, actions, liability, expenses and costs for which they are held liable or which they incur (including legal costs, travel, investigation and living expenses of employees and witness fees) in any litigation or proceeding as a result of or arising out of

(a) a breach of this Agreement, or any other lease, sublease, agreement or contract to which the Franchisor and Franchisee are parties, by the Franchisee,

(b) any injury to, or loss of property of, any person in or on the Premises,

(c) the Franchisee's taxes, liabilities, costs or expenses of its business,

(d) losses, claims or damages incurred by persons, other than the Franchisee, due to errors or omissions contained in financial statements prepared by the Franchisee pursuant to Section 5 10 hereof, even if caused by the negligence of the Franchisee, its employees, agents, contractors, or others for whom it is, in law, responsible,

(e) any negligent or willful act or omission of the Franchisee, its employees, agents, servants, contractors or others for whom it is, in law, responsible,

(f) any advertising or promotional material distributed, broadcast or in any way disseminated by the Franchisee or on its behalf, unless such material has been produced or approved in writing by the Franchisor, and

(g) any claim related to any tax return prepared and/or filed by Franchisee or any of Franchisee's Manager(s) and/or employees Such claim includes, but is not limited to, errors and/or omissions on a tax return, a tax return being improperly filed, a missed filing deadline, and any fees, interest and/or penalties related thereto

ARTICLE XXI
DISPUTE RESOLUTION

21 1 Mandatory Binding Arbitration

Except to the extent Franchisor elects to enforce the provisions of this Agreement by judicial process and injunction in Franchisor's sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be settled by binding arbitration in Delaware under the authority of Delaware Statutes The arbitrator(s) will have a minimum of five (5) years experience in franchising or distribution law and will have the right to award specific performance of this Agreement If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Delaware Statutes The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Delaware Statutes The decision of the arbitrator(s) will be final and binding on all parties This Section will survive termination or non-renewal of this Agreement under any circumstances Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof During the pendency of any arbitration proceeding, Franchisee and Franchisor shall fully perform their respective obligations under this Agreement

21 2 Litigation, Waiver of Jury Trial, Limitation of Damages, etc

Without in any way limiting or otherwise affecting the parties' obligations regarding binding arbitration, the parties agree that any litigation between Franchisee and Franchisor (and/or involving any principal of Franchisee or which could be brought by Franchisee or on its behalf and including matters

involving any of the Franchisor-related entities or otherwise), whether to enforce an arbitration award or involving any litigation, dispute, controversy, claim, proceeding or otherwise between or involving Franchisee and Franchisor which is not subject to the foregoing agreement regarding arbitration (or in the event that a court having jurisdiction should hold that the foregoing agreement regarding arbitration is not enforceable) or otherwise, will be held exclusively before a court in the most immediate state judicial district and court encompassing Franchisor's headquarters and having subject matter jurisdiction or (if a basis for Federal jurisdiction is present) the United States District Court for the District of Delaware the parties consenting to the exclusive jurisdiction of such court(s) and WAIVING ALL RIGHTS TO TRIAL BY JURY

So as to achieve many of the advantages which would normally be associated with arbitration (such as lower expense, more rapid resolution of controversies, fewer protracted and complex proceedings, reduced instances of costly and time-consuming appeal, use of a more sophisticated and experienced trier of fact and law, etc) and for the parties' mutual benefit, THE PARTIES AGREE THAT IN ANY LITIGATION BETWEEN FRANCHISOR AND FRANCHISEE (AND/OR ANY PRINCIPAL OF FRANCHISEE OR WHICH COULD BE BROUGHT BY FRANCHISEE OR ON FRANCHISEE'S BEHALF) THE PARTIES KNOWINGLY WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ARBITRATION, LITIGATION OR OTHERWISE, THE PARTIES WAIVE ALL RIGHTS TO PUNITIVE, EXEMPLARY, MULTIPLE, PAIN-AND-SUFFERING, MENTAL DISTRESS OR SIMILAR DAMAGES AND AGREE THAT THE PARTIES MAY ONLY RECOVER ACTUAL FINANCIAL LOSSES

21 3 Prior Notice of Claims by Franchisee

Prior to Franchisee taking any legal or other action against Franchisor, whether for arbitration, damages, injunctive, equitable or other relief (including but not limited to rescission) and whether by way of claim, counterclaim, cross-complaint, raised as an affirmative defense or otherwise, based on any alleged act or omission of Franchisor, Franchisee will first give Franchisor sixty (60) days' prior written notice and opportunity to cure such alleged act or omission

21 4 Periods In Which to Make Claims

(a) The parties agree that, except as provided below, no arbitration proceeding, action or suit (whether by way of claim, counterclaim, cross-complaint, raised as an affirmative defense or otherwise) by either party will lie against the other (nor will any action or suit by Franchisee against any person and/or entity affiliated with Franchisor), whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other claim of any type, unless such party will have commenced such arbitration proceeding, action or suit before the expiration of the earlier of

(i) One hundred eighty (180) days after the date upon which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party, or

(ii) One (1) year after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered

(b) Notwithstanding the foregoing limitations, where any federal, state or provincial law provides for a shorter limitation period than above described, whether upon notice or otherwise, such shorter period will govern

(c) The foregoing limitations may, where brought into effect by Franchisor's failure to commence an action within the time periods specified, operate to exclude Franchisor's right to sue for damages but will in no case, even upon expiration or lapse of the periods specified or referenced above, operate to prevent us from terminating Franchisee's rights and Franchisor's obligations under this Agreement as provided herein and under applicable law nor prevent Franchisor from obtaining any appropriate court judgment, order or otherwise which enforces and/or is otherwise consistent with such termination

(d) The foregoing limitations shall not apply to Franchisor's claims arising from or related to (1) Franchisee's under-reporting of revenue, (2) Franchisee's under-payment or non-payment of any amounts owed to Franchisor or any affiliated or otherwise related entity, (3) indemnification by Franchisee, (4) Franchisee's confidentiality, non-competition or other exclusive relationship obligations, and/or (5) Franchisee's unauthorized use of the Proprietary Marks

21 5 Withholding Consent

In no event will Franchisee make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by Franchisor Franchisee's sole remedy for any such claim is to submit it to arbitration as described in this Agreement and for the arbitrator to order Franchisor to grant such consent

21 6 Survival and Construction

Each provision of this Article XXI, together with the provisions of Article XXII, will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, will survive and will govern any claim for rescission or otherwise Each provision of this Agreement will be construed as independent of, and severable from, every other provision, provided that if any part of this Agreement is deemed unlawful in any way, the parties agree that such provision will be deemed interpreted and/or modified to the minimum extent necessary to make such provision lawful or, if such construction is not permitted or available, the remainder of this Agreement will continue in full force and effect Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement

21 7 Costs and Attorneys' Fees

Except as expressly provided otherwise in this Agreement with respect to appeal of an arbitration award, each party shall be responsible to pay its own costs of enforcement and/or defense (including but not limited to attorneys' fees) in any claim or dispute between the parties (including Franchisee's and/or Franchisor's affiliates, related persons/entities, etc)

21 8 Validity and Execution

This Agreement will become valid when executed and accepted by Franchisor at its headquarters

21 9 Binding Effect

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both parties

21 10 Construction

Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto Except where this Agreement expressly provides otherwise, Franchisor has the right to condition, withhold and/or refuse, in its sole and absolute discretion, any request by Franchisee and Franchisor's approval of, or consent to, any action or omission by Franchisee The headings of the several articles and sections hereof are for convenience only and do not define, limit, or construe the contents of such articles or sections The term "attorneys' fees" will include, without limitation, legal fees, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand or claim, action, hearing or proceeding to enforce the obligations of this Agreement References to a "controlling interest" in the Franchisee will mean more than fifty percent (50%) of the voting control of the Franchisee, if the Franchisee is a corporation or limited liability company, and any general partnership interest, if the Franchisee is a partnership The term "Franchisee" as used herein is applicable to one or more persons, a corporation or a partnership, as the case may be The singular usage includes the plural and the masculine and neuter usages include the other and the feminine If two (2) or more persons are at any time the Franchisee hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Franchisor will be joint and several This Agreement will be executed in multiple copies, each of which will be deemed an original Each of the provisions of this Article XXI shall apply to any claim brought (or which could be brought) by any principal of Franchisee or by or on Franchisee's behalf

21 11 Governing Law

All matters relating to arbitration shall be governed by the Federal Arbitration Act 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 and the relationship of the parties shall be governed by the laws of the State of Delaware, without regard for its conflicts of laws principles

ARTICLE XXII
GENERAL

22 1 Rights Cumulative

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

22 2 Entire Agreement and Amendments

This Agreement and Exhibits hereto and any documents incorporated by reference herein contain the entire understanding and agreement of the parties hereto concerning the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions with respect to the subject matter hereof, whether oral or written Except as provided herein, the Franchisee acknowledges and agrees that there are no warranties, representations, statements, promises or inducements, express or implied, or collateral, whether oral or written, about this Agreement by the Franchisor or its officers, directors, shareholders, employees or agents that are contrary to the terms of this Agreement or the documents referred to herein Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you No amendment or other modification to this Agreement shall be valid or binding upon the parties unless the same is in writing

The Franchise Agreement and all referenced and attached documents constitute the entire, full and complete agreement between the parties Nothing in the agreement or in any related agreement is intended to disclaim the representations we made in this disclosure document

22 3 Non-Waiver

No waiver by the Franchisor of any breach, failure or default in performance by the Franchisee and no failure, refusal or neglect of the Franchisor to exercise any right hereunder or to insist upon strict compliance with or performance by the Franchisee's obligations hereunder shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach, failure or default and shall not constitute a waiver by the Franchisor of its rights at any time or thereafter to require strict compliance with the provisions hereof

22 4 Invalid Provisions, Substitution of Valid Provisions

As stated earlier in this Agreement in Article XV, if any provision of this Agreement relating to the payment of fees to Franchisor, to non- competition during the term of this Agreement, or to the preservation of any of the Proprietary Marks or confidential information disclosed pursuant to this Agreement is declared invalid or unenforceable, and if, as a result, Franchisor believes in its sole opinion that the continuation of this Agreement would not be in the best interests of the System, Franchisor has the right to terminate this Agreement on written notice to Franchisee If any state or federal law requires renewal of this Agreement, Franchisee agrees to enter into Franchisor's then-current form of Franchise Agreement To the extent that any restrictive covenant contained in this Agreement is deemed unenforceable because of its scope in terms of area, business activity prohibited, or length of time, Franchisee agrees that the invalid provision will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision under the laws applied in the forum in which Franchisor is seeking to enforce it

If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, standard or operating procedures prescribed by Franchisor invalid or unenforceable, the advance notice and/or other action required or revision of the specification, standard or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provision enforceable to the greatest extent possible Franchisee agrees to be bound by the modification to the greatest extent lawfully permitted

22 5 Notice

All notices, consents, approvals, statements, authorizations, documents, or other communications required or permitted to be given hereunder shall be in writing, and may be delivered personally or mailed by registered mail, postage prepaid, or transmitted by telex or other form of electronic communication tested prior to transmission to the said parties at their respective addresses set forth hereunder, namely

To the Franchisor at Los Taxes Franchise Corp
~~717 N Union Street, #123~~11230 Triangle Lane
~~Wilmington, Delaware, 19805~~Wheaton, Maryland 20902
Attention President

With a copy to

Harold L Kestenbaum, P C
175 Broad Hollow Road, Suite 175
Melville, New York 11747
Attn Harold L Kestenbaum, Esq
Facsimile (516) 745-0293

To the Franchisee at

FRANCHISEE NAME
FRANCHISEE ADDRESS
FRANCHISEE CITY
Attention **DUENO (Owner)**

or at any such other address or addresses as the party to whom such notice, consent, approval, statement, authorization, documentation or other communication is to be given may designate by notice in writing so given to the other parties hereto as provided hereinbefore Any notices, consents, approvals, statements, authorizations, documents or other communications, if mailed, shall be deemed to have been given on the fifth (5th) business day (except Saturdays and Sundays) following such mailing, or, if delivered personally or transmitted by telex or other form of electronic communication, shall be deemed to have been given on the day of delivery or transmission (as the case may be), if a business day, or if not a business day, on the business day next following the day of delivery or transmission (as the case may be)

22 6 Impossibility of Performance

Notwithstanding anything to the contrary contained in this Agreement, if either party hereto is bona fide delayed or hindered in or prevented from the performance of any term, covenant or act required hereunder by reason of strikes, labor troubles, inability to procure materials or services, power failure, restrictive governmental laws or regulations riots, insurrection, sabotage, acts of God or other reasons beyond the control of such party, whether all of a like nature or not, which is not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then the performance of such term, covenant or act is excused for the period of the delay and the party so delayed shall be entitled to perform such term, covenant or act within the appropriate time period after the expiration of the period of such delay However, the provisions of this Section shall not in any way operate to excuse the Franchisee from the prompt payment of any fees, royalties or other sums required to be paid to the Franchisor or its affiliates by the terms of this Agreement, or from the prompt performance of any of its other obligations hereunder where such prompt performance is delayed, hindered or prevented by reason of lack of funds

22 7 Enforcement

The Franchisee acknowledges that its failure to comply herewith could cause the Franchisor irreparable harm which may not be compensable by way of damages, and, therefore, the Franchisor shall be entitled to apply to a court of competent jurisdiction to have itself appointed as the receiver of the Franchisee's business and to obtain (without bond) declarations, temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to the Franchisee's use of the Proprietary Marks, relating to the obligations of the Franchisee upon termination or expiration of this Agreement, and relating to assignment of the franchise hereunder and ownership interests in the Franchisee, and to prohibit any act or omission by the Franchisee or employees of the Franchisee that constitutes a violation of any applicable law, by-law or regulation, is dishonest or misleading to the Franchisee's clients or prospective clients, or constitutes a danger to employees,

clients, or to the public, or which may impair the goodwill associated with the Proprietary Marks If the Franchisor secures any such injunction, declaration or order of specific performance, the Franchisee agrees to pay to the Franchisor any damages incurred by it as a result of the Franchisee's breach of any provision, the Franchisor's full solicitor and client costs and all expenses the Franchisor may have incurred to enforce this Agreement (including a reasonable allowance for its employees' time spent)

22 8 The Franchisee May Not Withhold Payments

The Franchisee agrees that it will not, on grounds of an alleged non-performance by the Franchisor of any of its obligations or for any other reason, withhold payment of any amount due whatsoever to the Franchisor or its affiliates No endorsement or statement on any check or payment of any sum less than the full sum due to the Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and the Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law The Franchisor may apply any payments made by the Franchisee as the Franchisor may see fit The Franchisor may set off against any payment due by the Franchisee to the Franchisor, and may, at the Franchisor's option, pay the Franchisee's trade creditors

22 9 Changes and Modifications

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 marketplace 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 Center is authorized and required to offer, modifying or substituting entirely the building, premises, equipment, signage, trade dress, decor, color schemes and uniform specifications and all other unit 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 or alterations

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

22 10 Compliance With Anti-Terrorism Laws

Franchisee and its owners agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply with Anti-Terrorism Laws (defined below) In connection with that compliance, Franchisee and its owners certify, represent, and warrant that none of Franchisee's property or interests is

subject to being blocked under, and that Franchisee and its 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 Franchisee or its owners, or any blocking of Franchisee or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 13 1(h) above

22 11 Acknowledgments

FRANCHISEE ACKNOWLEDGES THAT IT 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 THE FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT 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

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

FRANCHISEE ACKNOWLEDGES THAT IT 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

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

FRANCHISEE ACKNOWLEDGES THAT UNDER APPLICABLE U S LAW, INCLUDING, WITHOUT LIMITATION, EXECUTIVE ORDER 13224, SIGNED ON SEPTEMBER 23, 2001 ("ORDER"), FRANCHISOR IS PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY PERSON ENGAGED IN, OR WITH A PERSON AIDING ANY PERSON ENGAGED IN, ACT OF TERRORISM, AS DEFINED IN THE ORDER ACCORDINGLY, FRANCHISEE REPRESENTS AND WARRANTS TO FRANCHISOR THAT AS OF THE DATE OF THIS AGREEMENT, NEITHER FRANCHISEE NOR ANY PERSON HOLDING ANY OWNERSHIP INTEREST IN FRANCHISEE, CONTROLLED BY FRANCHISEE, OR UNDER COMMON CONTROL WITH FRANCHISEE IS DESIGNATED UNDER THE ORDER AS A PERSON WITH WHOM BUSINESS MAY NOT BE TRANSACTED BY FRANCHISOR, AND THAT FRANCHISEE (1) DOES NOT, AND HEREAFTER SHALL NOT, ENGAGE IN ANY TERRORIST ACTIVITY, (2) IS NOT AFFILIATED WITH AND

DOES NOT SUPPORT ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, AND (3) IS NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO CHANNEL TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FURTHER ANY TERRORIST ACTIVITY

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

SIGNED, SEALED AND DELIVERED in the presence of

LOS TAXES FRANCHISE CORP	**FRANCHISEE NAME**
By _____	By _____
Name Javier Solis	Name _____
Title President & CEO	Title _____

EXHIBIT "A" TO FRANCHISE AGREEMENT

LOCATION ACCEPTANCE STATEMENT

The location of the Franchise which relates to the foregoing Franchise Agreement dated TODAY'S DATE/ (LA FECHA DE HOY) between LOS TAXES FRANCHISE CORP ("Franchisor") and **FRANCHISEE NAME** ("Franchisee") shall be

FRANCHISEE ADDRESS	**FRANCHISEE CITY**
Street Address	City State Zip Code

The Exclusive Territory for the Franchise shall be

_____

_____

The undersigned Franchisee acknowledges that it has made a thorough investigation and analysis of the site for its Center and of the Exclusive Territory of the franchise described on the attached map and it hereby approves the same

FRANCHISEE NAME
Franchisee (Print Name)

By _____
Name _____
Title _____

The undersigned officer of Franchisor hereby approves the above described Center location

LOS TAXES FRANCHISE CORP
By _____
Javier Solis
President & CEO

EXHIBIT "B"
TELEPHONE ASSIGNMENT AGREEMENT

THIS TELEPHONE ASSIGNMENT AGREEMENT is made as of this _____ day of _____, 20___ by and between _____ (hereinafter the "Assignor") and Los Taxes Franchise Corp, a Delaware company (hereinafter the "Assignee")

WITNESSETH

WHEREAS, the Assignee has developed and owns the proprietary system ("System") for the operation of a retail business under the trademark and logo "Los Taxes" (the "Franchised Business"),

WHEREAS, the Assignor has been granted a license to operate a Franchised Business pursuant to a Franchise Agreement dated _____, in accordance with the System,

WHEREAS, in order to operate its Franchised Business, the Assignor shall be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements, and

WHEREAS, as a condition to the execution of the Franchise Agreement, the Assignee has required that the Assignor assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the Assignee in the event of a termination of the Franchise Agreement

NOW, THEREFORE, in consideration of the foregoing, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows

1 Assignment In the event of termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the System, the Assignor hereby sells, assigns, transfers and conveys to the Assignee all of its right, title and interest in and to certain telephone numbers, telephone listings and telephone directory advertisements pursuant to which Assignor shall operate its Franchised Business in accordance with the terms of the Franchise Agreement, provided, however, such Assignment shall not be effective unless and until the Franchise Agreement is terminated in accordance with the provisions thereof

2 Representation and Warranties of the Assignor The Assignor hereby represents, warrants and covenants to the Assignee that

(a) As of the effective date of the Assignment, all of the Assignor's obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services shall be paid and current,

(b) As of the date hereof, the Assignor has full power and legal right to enter into, execute, deliver and perform this Agreement,

(c) This Agreement is a legal and binding obligation of the Assignor, enforceable in accordance with the terms hereof,

(d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which the Assignor is a party or by which the Assignor is bound, and no consent of or approval by any third party is required in connection herewith, and

(e) The Assignor has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements, and the Assignor has obtained all necessary consents to this Assignment

3 Miscellaneous The validity, construction and performance of this Assignment shall be governed by the laws of the State of Arizona All agreements, covenants, representations and warranties made herein shall survive the execution hereof All rights of the Assignee shall inure to its benefit and to the benefit of its successors and assigns

IN WITNESS WHEREOF, each of the parties have executed this Assignment as of the day and year first written above

ASSIGNEE

LOS TAXES FRANCHISE CORP

By _____
Name _____
Title _____

ASSIGNOR

_____

By _____

EXHIBIT "C"
TRANSFER OF FRANCHISE TO A CORPORATION

The undersigned, an officer, director and owner of a majority of the issued and outstanding voting stock of the corporation set forth below, and the Franchise Owner of the Center under a Franchise Agreement executed on the date set forth below, between himself/herself and Los Taxes Franchise Corp , as Franchisor, granting him/her a franchise to operate at the location set forth below and the other undersigned directors, officers and shareholders of the corporation, who together with Franchise Owner constitute all of the shareholders of the corporation, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the corporation in accordance with the provisions of Article XII of the Franchise Agreement, agree as follows

1 The undersigned Franchise Owner shall remain personally liable in all respects under the Franchise Agreement and all the other undersigned officers, directors and stockholders of the corporation 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 the Franchise Owner set forth in the Franchise Agreement and they jointly and severally personally guarantee all of the Franchise Owner's obligations set forth in said Agreement

2 The undersigned agrees not to transfer any stock in the corporation without the prior written approval of the Franchisor and agree that all stock certificates representing shares in the corporation 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 dated _____, _____ between _____ and Los Taxes Franchise Corp "

3 _____ or his/her designee shall devote his/her 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 Franchise Owner and Los Taxes Franchise Corp , to the same extent as if it were named as the Franchise Owner herein

Date of Franchise Agreement _____

Location of Center _____

WITNESS

_____ _____
_____ _____
_____ _____
Name of Corporation

ATTEST

_____ By _____(SEAL)

In consideration of the execution of the above agreement, Los Taxes Franchise Corp , hereby consents to the above referred to assignment on this _____ day of _____, 20___

Los Taxes Franchise Corp

By _____(SEAL)
Name _____
Title _____

EXHIBIT "D"TO FRANCHISE AGREEMENT

POWER OF ATTORNEY (TAXES)
IRREVOCABLE POWER OF ATTORNEY

STATE OF _____)
)
COUNTY OF _____)

KNOW ALL MEN BY THESE PRESENTS

That **FRANCHISEE NAME**, an individual ("Franchisee"), does hereby irrevocably constitute and appoint LOS TAXES FRANCHISE CORP , a Delaware corporation ("Franchisor"), true and lawful attorney-in-fact and agent for Franchisee and in Franchisee's name, place and stead to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, shall be necessary or advisable for the sole purpose of obtaining any and all returns, records, reports and other documentation relating to the payment of taxes filed by Franchisee with any state and/or federal taxing authority, including, but not limited to, the State Comptroller of the State of **(ESTADO de)**_____, hereby granting unto Franchisor full power and authority to do and perform any and all acts and things which, in the sole discretion of Franchisor, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, hereby ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted

During the term of this Power of Attorney, and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no governmental agency, person, firm or corporation dealing with Franchisor, if acting in good faith, shall be required to ascertain the authority of Franchisor, nor to see to the performance of the agency, nor be responsible in any way for the proper application of documents delivered or funds or property paid or delivered to Franchisor Any governmental agency, person, firm or corporation dealing with Franchisor shall be fully protected in acting and relying on a certificate of Franchisor that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee shall not take any action against any person, firm, corporation or agency acting in reliance on such a certificate or a copy of this Power of Attorney Any instrument or document executed on behalf of Franchisee by Franchisor shall be deemed to include such a certificate on the part of Franchisor, whether or not expressed This paragraph shall survive any termination of this Power of Attorney

This Power of Attorney shall terminate two (2) years following the expiration or termination of that certain Franchise Agreement dated as of TODAY'S **DATE (LA FECHA DE HOY)** by and between Franchisor and Franchisee Such termination, however, shall not affect the validity of any act or deed that Franchisor may have effected prior to such date pursuant to the powers herein granted

This instrument is to be construed and interpreted as an irrevocable power of attorney coupled with an interest It is executed and delivered in the State of **(ESTADO** de)_____and the laws of the State of **(ESTADO de)**_____ shall govern all questions as to the validity of this Power of Attorney and the construction of its provisions

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the **DATE/FECHA**

FRANCHISEE

FRANCHISEE NAME, a
ENTITY TYPE

By _____
Name _____
Title _____

STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned authority, on this ___ day of _____, 2008 personally appeared NAME OF OWNER/NOMBRE DE **DUENO**, known to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein stated

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 20__

(SEAL)

_____
Notary Public in and for
The State of (ESTADO de)_____

My commission expires

_____

EXHIBIT "E" TO FRANCHISE AGREEMENT

NON-COMPETITION AND CONFIDENTIALITY AGREEMENT

Agreement made this _____ day of _____, 20__ by and between _____ whose principal place of business is _____ ("Employer") and _____ ("Tax Practitioner"), an individual whose address is _____

WHEREAS, Tax Practitioner has been and continues to be an at will Tax Practitioner of Employer, and

WHEREAS, Tax Practitioner is desirous of continuing his employment with Employer

NOW, THEREFORE, in consideration of the foregoing and the covenants and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows

A **ACKNOWLEDGMENT OF CONFIDENTIAL INFORMATION**

1 Tax Practitioner acknowledges and agrees that Employer is engaged in a highly competitive business and that Employer and Franchisor (as defined below) possess trade secrets, confidential and proprietary information (the "Confidential Information") which have been acquired, developed and maintained at considerable cost to Employer and Franchisor, which is not generally known outside the companies, and which, if disclosed to a competitor, would be harmful to Employer and/or Franchisor For the purposes of this Agreement, "Franchisor" shall be defined to include Los Taxes Franchise Corp , whose principal place of business is 11230 Triangle Lane, Silver Springs, Maryland, 20902 This Confidential Information includes, but is not limited to the following

a price lists and marketing plans and strategies,
b Franchisor's web management system and other proprietary computer software functions, capabilities, code, manuals, fixes, work arounds, revision plans, etc ,
c client lists, client identities, client contacts and client preferences (including identities and plans for approaching potential clients),
d any and all information contained in the Confidential Operations Manual,
e all forms, instructions, processes, procedures, graphics, pictures, diagrams associated with operation of the Center,
f suppliers and vendors of Franchisor

2 Tax Practitioner understands and acknowledges that during the course of his employment by the Company he has learned of, will learn of (and may develop), and has and will have access to Confidential Information of the Employer and Franchisor in order to properly and effectively discharge his duties

3 Tax Practitioner hereby agrees that at all times, both during Tax Practitioner's employment and after the termination thereof (for whatever reason, and whether voluntary or not), Tax Practitioner will maintain the secrecy and confidentiality of the Confidential Information and that he will not reveal, disclose, divulge or make known to any person or entity, or copy or use for his own account, any of the Confidential Information as defined above

4 Tax Practitioner further agrees to use any and all equipment only to further the interests of Employer and not for any competitive or personal purpose

5 Upon the termination of the Tax Practitioner's employment with the Employer for any reason, or earlier at Employer's request, Tax Practitioner shall deliver all copies of all documents or other property in his

possession which are either the property of Employer or Franchisor and/or which relate to, contain, or constitute Confidential Information as described herein

B **DUTY TO REPORT**

1 The Tax Practitioner shall promptly communicate and disclose to the Employer all inventions, discoveries, improvements new writings and ideas for new products, in any form whatsoever, including, without limitation, all software programs, routines, techniques, procedures, training aides and instructional manuals conceived, developed or made by the Tax Practitioner or which the Tax Practitioner learns during his employment by Employer, whether solely or jointly with others, and whether or not patentable or copyrightable, (a) which relate to any matters or business of the type carried on or being developed by Employer or Franchisor, or (b) which result from or are suggested by any work done by the Tax Practitioner in the course of his employment The Tax Practitioner acknowledges that all such information, inventions, discovery, etc shall be and remain the sole and exclusive property of the Employer or Franchisor, as the case may be

C **NON COMPETITION**

1 Tax Practitioner acknowledges and agrees that during the term of his employment by the Employer and for a period of five (5) years after the termination of employment (for whatever reason and whether voluntary or not), he will not, on his own behalf nor directly or indirectly (whether as Tax Practitioner, partner, proprietor, shareholder, consultant, volunteer or in any other capacity) on behalf of any other person, business or other entity, engage in any business activity whatsoever which is in competition with any business activity engaged in by Employer or Franchisor within fifty (50) miles of any Los Taxes Center, or which might have the effect of lessening the need for goods or services supplied by Employer or Franchisor

2 Tax Practitioner agrees, in addition to the provisions of Paragraph C 1 hereof, that for the period of five (5) years following the termination of his employment (for whatever reason and whether voluntary or not) he will not directly or indirectly solicit, entice, divert, lure, pirate, take away or interfere with any of the Employer's or Franchisor's clients, trade, business, patronage, suppliers, Tax Practitioners, agents or consultants within the sales territories that are assigned to Tax Practitioner at any time during his employment As used herein "clients" shall mean any person, business or entity which either (i) has transacted any business with Employer or Franchisor, or (ii) was actively pursued by the Employer or Franchisor, during the term of Tax Practitioner's employment, to become a client of the Employer or Franchisor, or (iii) whose identity became known to Tax Practitioner as a result of Tax Practitioner's access to a client list or other Confidential Information of Employer or Franchisor (including, but not limited to, response cards, target lists, leads, etc)

D **ENFORCEABILITY**

1 Tax Practitioner further acknowledges and agrees that Employer and Franchisor will have no adequate remedy at law if the Tax Practitioner breaches any provision contained in this Agreement In the event of any such breach, Employer or Franchisor shall have the right, in addition to any other remedy that it may have, to obtain in any court of competent jurisdiction, injunctive relief to restrain any breach or threatened breach of any covenant contained herein, without necessity of bond

E **MISCELLANEOUS**

1 This Agreement shall be governed, construed and enforced in accordance with the laws of the State of ~~New York~~Maryland Any action concerning, relating to or arising under this Agreement that involves the Franchisor shall be brought only in a state or federal court located in ~~New York~~Maryland, and Tax Practitioner hereby submits to the jurisdiction thereof This Agreement shall inure to the benefit of Employer and Franchisor, their successors and assigns, including, without limitation, any corporation that may acquire all or substantially all of Employer's or Franchisor's assets or business or with which Employer or Franchisor may be consolidated or merged This Agreement may not be assigned by the Tax Practitioner

2 This Agreement and Tax Practitioner's obligations hereunder shall not be affected by a change in Tax Practitioner's position, title or responsibilities and may not be amended, modified, superseded or canceled, and none of the terms or covenants hereof may be waived, except by a written instrument duly executed by Employer

3 The failure of Employer at any time or times to require performance of any provision hereof shall in no manner effect its right at a later time to enforce the same No waiver by Employer of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such breach or of a breach of any other term or covenant of this Agreement

4 If any provision of this Agreement is determined to be legally invalid, inoperative or unenforceable only that particular provision shall be affected, and the determination shall have no effect whatsoever on any other provision of this Agreement, and all other provisions shall remain in full force and effect and fully enforceable Further, in the event that any provision of paragraphs C 1 or C 2 be deemed unenforceable by a court as over broad in duration, geographical scope or otherwise, the parties agree that such provision shall be deemed amended to the extent the court determines same to be enforceable, and Tax Practitioner agrees to abide by same as if so included within the text of this agreement

5 Nothing contained herein shall be deemed to create or establish a term or duration of Tax Practitioner's employment Tax Practitioner continues as a Tax Practitioner at will

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above stated

_____
Tax Practitioner

Employer _____

By _____

EXHIBIT "F" TO FRANCHISE AGREEMENT

CONTINUING GUARANTY

(To be used to guaranty the obligations of a corporate or limited liability company franchisee or to guaranty the obligations of a franchisee other than the guarantor)

NAME OF OWNER/NOMBRE DE **DUENO** (hereinafter referred to as "Guarantor") whose address is **FRANCHISEE ADDRESS, FRANCHISEE CITY**, as a material inducement to and in consideration for LOS TAXES FRANCHISE CORP (hereinafter referred to as "Franchisor") entering into a Franchise Agreement (the "Franchise Agreement") with **FRANCHISEE NAME** (hereinafter referred to as "Franchisee"), dated TODAY'S **DATE/ FECHA DE HOY**, unconditionally guarantees and promises to and for the benefit of Franchisor that Franchisee shall perform faithfully and completely all of the provisions, obligations and duties that Franchisee has agreed to perform under the Franchise Agreement and/or any other obligations undertaken or to be undertaken by Franchisee in favor of Franchisor or Franchisor's parent, subsidiary, or affiliated corporation, corporations, individuals or other entities

If Guarantor is more than one (1) person, Guarantor's obligations are joint and several Guarantor's obligations are also independent of Franchisee's obligations A separate action may be brought or prosecuted against any Guarantor whether or not the action is brought or prosecuted against any other Guarantor or against Franchisee, or any or all of them, or whether any other Guarantor or Franchisee is or are jointed in the action

Guarantor waives the benefit of any statute of limitations or other provision of law which in any way affects or limits Guarantor's liability under this Guaranty

The provisions of the Franchise Agreement or other obligation involving Franchisee may be changed between Franchisor or other concerned party or entity and Franchisee at any time and in any manner, either by written or oral agreement, by operation of law, by course of conduct, or otherwise, without the consent of or notice to Guarantor This Guaranty shall continue to guaranty the performance of Franchisee under the Franchise Agreement and/or other obligation as so modified without further agreement or act of Guarantor being required

Assignment by Franchisee or by Franchisor of the Franchise Agreement or other obligation as permitted in that Agreement or other obligation shall not affect this Guaranty and the obligations of Guarantor hereunder shall carry over to the transferee of either party to the Franchise Agreement or other obligation

This Guaranty shall not be affected nor the obligations of Guarantor hereunder limited in any way by Franchisor's delay in enforcement or failure to enforce any of its rights under the Franchise Agreement, other guaranteed obligation, or under this Guaranty

If Franchisee commits a breach of the Franchise Agreement, or other guaranteed obligation, Franchisor can proceed immediately against Guarantor or Franchisee, or both, or Franchisor can enforce against Guarantor or Franchisee, or both, any rights which it has under the Franchise Agreement, other obligation, or pursuant to applicable law, or both If the Franchise Agreement or other obligation terminates, Franchisor can enforce any rights it has following such termination against Guarantor,

Franchisee, or both, without giving prior notice to Guarantor, Franchisee, or either, and/or without making demand on Guarantor, Franchisee, or either

Guarantor waives the right to require Franchisor to proceed against Franchisee before proceeding against Guarantor, to proceed against or exhaust any security that Franchisor holds from Franchisee, Guarantor, or any other source, and/or to pursue any other remedy available to Franchisor prior to proceeding against Guarantor, Franchisee, or either Guarantor further waives any defense available to Guarantor, Franchisee, or either, by reason of any disability of Franchisee, and further waives any other defense based on the termination or limitation of Franchisee's liability by reason of any cause, event, term or condition, including any defense or limitation available by operation of law

Until all of Franchisee's obligations to Franchisor have been satisfied and discharged in full, Guarantor waives any right of subrogation against Franchisee Guarantor waives any right it may have to enforce any remedies that Franchisor may now have against Franchisee, or may have at a later time Guarantor further waives all presentments, protests, demands of any type, notices of any type, including notices of protest, notices of dishonor, and notices of acceptance of this Guaranty Guarantor waives the foregoing as to present and/or future obligations and specifically waives any and all notices of the existence, creation or incurrence of any new or additional obligations of Franchisee to Franchisor

If Franchisor is required, in its discretion, to enforce Guarantor's obligations under this Guaranty by legal proceedings, and/or by the employment of an attorney, or is required to take any other or additional collection or other action to enforce its rights hereunder, Guarantor agrees to pay to Franchisor all costs incurred by Franchisor in such proceedings, action and/or employment, including court costs, costs of suit, and attorneys' fees

This Guaranty shall be binding upon Guarantor, and each and all of them, if more than one (1), and upon his, her, its or their successors, representatives and assigns

Executed at **FRANCHISEE CITY** on TODAY'S **DATE/ FECHA DE HOY**

_____

Signature

NOMBRE DE DUENO
Typed or Printed Name

EXHIBIT "G" TO FRANCHISE AGREEMENT

STATE ADDENDUM TO THE LOS TAXES FRANCHISE CORP DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE OF CALIFORNIA

CALIFORNIA APPENDIX

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

2 The Franchise Agreement provides for termination upon bankruptcy This provision may not be enforceable under Federal Bankruptcy Law (11 U S C A Sec 101 et seq)

3 The Franchise Agreement contains covenants not to compete which extend beyond the termination of the agreements These provisions may not be enforceable under California law

4 Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise

5 Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U S C A 79a et seq , suspending or expelling such persons from membership in such association or exchange

6 The franchise agreement requires binding arbitration The arbitration will occur in Delaware with the costs being borne by the franchisee and franchisor Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040 5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

7 The Franchise Agreement requires application of the laws of Delaware This provision may not be enforceable under California law

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

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

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

11 OUR WEBSITE, www lostaxes com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www dbo ca gov

12 Item 17 t, the integration/merger clause and Section 22 2 of the Franchise Agreement are amended to eliminate any language which disclaims the Franchise Disclosure Document

13 In California to accept an application fee or rebate for RALs, you must register with the California Department of Justice, Attorney General's Office in accordance with the California Credit Services Act Additionally, California is currently investigating the income tax return preparation industry to determine whether particular aspects of the RAL product need to be modified to conform to its laws California is reviewing the marketing and customer disclosures of this product and the manner in which employees in the income tax return preparation industry are trained to offer RALs and to collect on past due RAL debts

14 **California Business and Professions Code** California Business and Professions Code Sec 22250-22259 governs tax preparers in California These laws establish certain requirements for tax preparers, with the exception of certain professionals such as attorneys, certified public accountants, enrolled agents, and their employees These laws require tax preparers to post a bond with the State of California to be honest in their business practices, attain certain educational requirements and fulfill annual continuing education requirements in income tax return preparation, register with the California Education Council, and maintain and provide income tax records to clients

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT "G" TO FRANCHISE AGREEMENT

STATE ADDENDUM TO THE LOS TAXES FRANCHISE CORP DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE OF CONNECTICUT

DISCLOSURE REQUIRED BY CONNECTICUT LAW The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state If you have any questions about this investment, see an attorney before you sign a contract or agreement

1 If the Seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract you may notify the Franchisor in writing and demand that the contract be cancelled

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT "G" TO FRANCHISE AGREEMENT

STATE ADDENDUM TO THE LOS TAXES FRANCHISE CORP DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void However, a franchise agreement may provide for arbitration outside of Illinois

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE NAME

By _____
Name _____
Title _____

EXHIBIT "G" TO FRANCHISE AGREEMENT

STATE ADDENDUM TO THE LOS TAXES FRANCHISE CORP DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR THE STATE OF INDIANA

1 To be added to Item 3 of the Disclosure Document, is the following statement

There are presently no arbitration proceedings to which the Franchisor is a party

2 Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2 7-1 (9) which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory

3 Item 17 is amended to state that this is subject to Indiana Code 23-2-2 7-1 (10)

4 Under Indiana Code 23-2-2 7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests This amends Article XXI of the Franchise Agreement

5 Under Indiana Code 23-2-2 7-1 (10), franchisee may not agree to waive any claims or rights

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT "G" TO FRANCHISE AGREEMENT

STATE ADDENDUM TO THE LOS TAXES FRANCHISE CORP DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Los Taxes Franchise Corp's Disclosure Document and for its Franchise Agreement This addendum amends the Disclosure Document and Franchise Agreement

1 The provisions contained in Item 17 of the Disclosure Document and Article XIII of the Franchise Agreement regarding termination may not be enforceable under federal bankruptcy law (11 U S C Section 101 et seq)

2 According to COMAR 02 02 08 16L, Item 17 of the Disclosure Document shall be amended at the sections dealing with the issuance of general releases to the effect that the general release required as a condition of renewal and/or assignment/transfer are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law The appropriate sections of the Franchise Agreement are deemed to be amended accordingly

3 Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise Any disclaimer regarding the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Franchise Law in order to purchase the franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law This amends Exhibit 8 to the Disclosure Document and Exhibit I to the Franchise Agreement, the Franchisee Disclosure Acknowledgment Statement The appropriate sections of the Franchise Agreement are also amended accordingly

4 Item 17 of the Disclosure Document and Article XXI of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise

5 Item 17 of the Disclosure Document is amended to state that the Franchise Agreement requires binding arbitration, the site of which is in the State of Delaware, the costs of which are borne by the parties equally and any issues not decided by arbitration may be brought in a court of competent jurisdiction However, according to Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, a franchisee is permitted to enter into litigation with the Franchisor in the State of Maryland, notwithstanding the language in the Franchise Agreement The appropriate sections of the Franchise Agreement are amended accordingly

6 The Franchise Agreement is hereby amended to state that any representations which require a prospective franchisee to assent to any general release, estoppel or waiver of liability as a condition of purchasing a franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

7 Based upon our financial condition, the Maryland Securities Commissioner requires that all initial fees and payment shall be deferred until such time as the franchisor completes its initial obligations under the franchise agreement

Signatures on next page

The undersigned do hereby acknowledge receipt of this addendum

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this **FECHA**

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE NAME

By _____
Name _____
Title _____

EXHIBIT "G" TO FRANCHISE AGREEMENT

STATE ADDENDUM TO THE LOS TAXES FRANCHISE CORP DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU

(a) A prohibition on the right of a franchisee to join an association of franchises

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation This subsection applies only if (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances This section does not require a renewal provision

(f) A provision requiring that arbitration or litigation be conducted outside this state This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise Good cause shall include, but is not limited to

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c)

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, franchisee has the right to request an escrow arrangement

Any questions regarding this notice should be directed to

Consumer Protection Division
Attn Marilyn McEwen
525 W Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

(FRANCHISOR)

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT "G" TO FRANCHISE AGREEMENT

STATE ADDENDUM TO THE LOS TAXES FRANCHISE CORP DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT FOR THE STATE OF MINNESOTA

This addendum to the Disclosure Document is agreed to this ___ day of _____, 20__, and effectively amends and revises said Disclosure Document and Franchise Agreement and Area Development Agreement as follows

1 Item 13 of the Disclosure Document and _____ of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

> "In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchise from any loss costs or expenses arising out of any claim, suit or demand regarding such use "

2 Item 17 of the Disclosure Document and _____ of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein

> "With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec 80C 14, Subds 3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld "

3 Item 17 of the Disclosure Document and _____ of the Franchise Agreement and _____ of the Area Development Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections

> "Minn Stat Sec 80C 21 and Rule 2860 4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction "

4 Item 17 of the Disclosure Document and_____ of the Franchise Agreement and _____ of the Area Development Agreement are amended by the addition of the following language to the original language that appears therein

> "Minn Rule 2860 4400D prohibits us from requiring you to assent to a general release "

5 Any reference to liquidated damages in the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits requiring you to consent to liquidated damages

6 _____ of the Franchise Agreement is hereby deleted in accordance with Minn Rule 2860 4400J which prohibits waiver of a jury trial

7 _____ of the Franchise Agreement regarding Limitations of Claims is hereby amended to comply with Minn Stat §80C 17, Subd 5

8 Under Minn Rule 2860 4400J, franchisees cannot be required to waive their rights under RICO Therefore _____ of the Franchise Agreement is hereby deleted

9 Item 6 Insufficient Fund Fees NSF fees are governed by Minnesota Statute 604 113, which puts a cap of $30 on a NSF check This applies to everyone in Minnesota who accepts checks except banks

10 Under Minn Rule 2860 440J, the franchisee cannot consent to the franchisor obtaining injunctive relief The franchisor may seek injunctive relief A court will determine if a bond is required Section ___ of the Franchise Agreement is hereby amended accordingly

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

(FRANCHISOR)

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT "G" TO FRANCHISE AGREEMENT

STATE ADDENDUM TO THE LOS TAXES FRANCHISE CORP DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT 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 AND SECURITIES, ~~120 BROADWAY, 23RD~~28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK ~~10271~~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

Signatures on next page

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE NAME

By _____
Name _____
Title _____

EXHIBIT "G" TO FRANCHISE AGREEMENT

STATE ADDENDUM TO THE LOS TAXES FRANCHISE CORP DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document, Franchise Agreement effectively amends and revises said documents as follows

1 Item 17(c) of the Disclosure Document and Article ___ of the Franchise Agreement are hereby amended to indicate that a franchisee shall not be required to sign a general release

2 Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law Item 17(r) of the Disclosure Document, Article ___ of the Franchise Agreement and are amended accordingly

3 Item 6 and Item 17(i) of the Disclosure Document, Article ___ of the Franchise Agreement requires the franchisee to consent to termination or liquidated damages Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Franchise Agreement used in North Dakota

4 Item 17(u) of the Disclosure Document, Article ____ of the Franchise Agreement and are amended to provide that arbitration shall be held at a site that is agreeable to all parties

5 Item 17(v) of the Disclosure Document and the provisions of Article ___ of the Franchise Agreement and which require jurisdiction of courts in the State of _____ are deleted

6 Item 17(w) of the Disclosure Document, Article _____ of the Franchise Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota

7 Apart from civil liability as set forth in Section 51-19-12 N D C C , which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law

8 The provisions of Article ____ of the Franchise Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted

9 The provisions of Article ___ of the Franchise Agreement and which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies

Signatures on next page

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

(FRANCHISOR)

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT B TO DISCLOSURE DOCUMENT

ADDENDUM TO THE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF OREGON

This addendum to the Disclosure Document, Franchise Agreement effectively amends and revises said documents as follows

Oregon Board of Practitioners The State of Oregon's Board of Tax Practitioners has certain registration requirements For a more comprehensive review of its requirements, you should contact them at 3218 Pringle Rd SE Suite 120 Salem 97302-6308 telephone (503)378-4034 or http //www oregon gov/OTPB/

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST LOS TAXES FRANCHISE CORP

_____ By _____

Witness Name Javier Solis

Title President & CEO

_____ FRANCHISEE

_____

Witness

EXHIBIT "G" TO FRANCHISE AGREEMENT

ADDENDUM TO THE LOS TAXES FRANCHISE CORP DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself

Section 19-28 1-14 of the Rhode Island Franchise Investment Act provides that

> "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act"

IN WITNESS WHEREOF the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

LOS TAXES FRANCHISE CORP

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____

_____
Witness

EXHIBIT "G" TO THE LOS TAXES FRANCHISE CORP DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

(FRANCHISOR)

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

_____

EXHIBIT "G" TO FRANCHISE AGREEMENT

STATE ADDENDUM TO THE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WASHINGTON

The State of Washington has a statute, RCW 19 100 180, which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise There may also be court decisions which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19 100 RCW shall prevail

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

Based upon our financial condition, the Washington Securities Division requires that we defer the payment of the initial franchise fee and all other initial payments until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating However, you must sign the Franchise Agreement before beginning training

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___

ATTEST

_____
Witness

(FRANCHISE)

By _____
Name Javier Solis
Title President & CEO

FRANCHISEE

_____
Witness

EXHIBIT "H" TO FRANCHISE AGREEMENT

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO

LOS TAXES FRANCHISE CORP /PAYEE

BANK NAME	ACCOUNT #	ABA#	FEIN
_____	_____	_____	_____

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination

The Depositor agrees with respect to any action taken pursuant to the above authorization

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein

Name of Depository _____

Name of Depositor _____

Designated Bank Acct _____

(Please attach <u>one voided check</u> for the above account)

Center Location _____

Center # _____ For information call _____

Address _____

Phone # _____ Fax # _____

Name of Franchisee/Depositor (please print)

By _____ Date _____
Signature and Title of Authorized Representative

EXHIBIT "I"

ADDENDUM TO LOS TAXES FRANCHISE CORP
FRANCHISE AGREEMENT FOR CONVERSION FRANCHISES

This addendum to the Franchise Agreement is entered into this ____ day of _____, 20___, by and between LOS TAXES FRANCHISE CORP, (the "Franchisor") and _____ (the "Franchise Owner") to amend and revise certain provisions of the Franchise Agreement between the Franchise Owner and the Franchisor, dated _____, 20___, as follows

WHEREAS, the Franchise Owner is the owner of an existing tax service business and desires to convert such business to a LOS TAXES FRANCHISE CORP , Business in accordance with the terms and conditions of the Franchise Agreement, and

WHEREAS, the Franchisor and the Franchise Owner desire to revise certain terms of and obligations under the Franchise Agreement on the terms and conditions set forth in this Addendum,

NOW, THEREFORE, the parties agree as follows

1 Any provisions of the Franchise Agreement relating to selection of a site of or construction or remodeling of the premises for the Franchised Center are hereby deemed amended to the extent required to reflect that the Franchise Owner is converting its existing business premises to a LOS TAXES FRANCHISE CORP , and that the Franchise Owner will be required to remodel its business premises in compliance with the plans and specifications provided by the Franchisor However, nothing in this paragraph will affect the Franchise Owner's remodeling and modernization obligations pursuant to Article V of the Franchise Agreement

2 Article V and Sections 5 2 and 5 3 of the Franchise Agreement shall be amended to reflect that the initial Franchise Fee and Royalty Fee in accordance with the following

Minimum Clients	Franchise Fee	Royalty Fees	Bank Product Fee	eStorage Fee	Annual Fee
300	$15,000 00	$25 00	$10 00	$5 00	$1,750 00
500	$10,000 00	$25 00	$10 00	$5 00	$1,750 00
750	$5,000 00	$25 00	$10 00	$5 00	$1,750 00
1000	$1,750 00	$25 00	$10 00	$5 00	$1,750 00

3 Section 15 3 of the Franchise Agreement relating to post-term covenants not to compete is hereby deleted

4 Sections 13 3 of the Franchise Agreement relating to site location and leasing for the Franchised Center are hereby deleted

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or the exhibits or attachments thereto, the terms of this Addendum shall govern All other terms and conditions of the Franchise Agreement shall remain the same

Signatures on next page

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall be effective as of the date first written above

LOS TAXES FRANCHISE CORP

By _____
Name _____
Its _____

PERSONAL GUARANTORS

_____
_____
_____
_____

FRANCHISE OWNER

_____

By _____
Its _____

By _____
Its _____

SHAREHOLDERS

_____
_____
_____

EXHIBIT "J" TO FRANCHISE AGREEMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, LOS TAXES FRANCHISE CORP (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Los Taxes Business The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law

In the event that you are intending to purchase an existing Los Taxes Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor The questions below do not apply to any communications that you had with the transferring Franchisee Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Los Taxes Business from an existing Franchisee?

Yes _____ No ___

2 I had my first face-to-face meeting with a Franchisor representative on _____

3 Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4 Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary)

_____

5 Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

6 Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7 Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary)

_____

_____

8 Have you discussed the benefits and risks of establishing and operating a Los Taxes Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9 Do you understand that the success or failure of your Los Taxes Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Los Taxes Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Los Taxes Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Los Taxes Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Los Taxes Business?

Yes _____ No _____

15 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No ____

16 Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17 Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No ____

18 Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

_____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank

_____

_____

I signed the Franchise Agreement and Addendum (if any) on **DATE/FECHA**, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions In addition, by signing this Questionnaire, you also acknowledge that

A You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace You hereby acknowledge your awareness of and willingness to undertake these business risks

B You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None"

C You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures") The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is

(i) a person or entity listed in the Annex to the Executive Order,

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism,

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or

(iv) owned or controlled by terrorists or sponsors of terrorism

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure

Acknowledged this **FECHA**

Sign here if you are taking the franchise as an

INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
Signature

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

FRANCHISEE NAME
Print Name of Legal Entity

By _____
Signature

Print Name _____

Title _____

EXHIBIT D TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AS OF DECEMBER 31, ~~2014 through 2016~~2017

	Office Name	Franchisee	Street Address	City	State	ZIP	Biz Telephone
1	Los Taxes Newark	Ana Naranjo	2610 Eastburn Center	Newark	DE	19711	302-983-8398
2	Los Taxes New Castle	Ana Naranjo	110 N Dupont Hwy	New Castle	DE	19720	302-276-0281
~~23~~	Los Taxes ~~Sam~~ Wilmington	~~Samuel Perez Rojas~~Ana Naranjo	~~1716 W Gilpin Drive~~3901 Lancaster Pike	Wilmington	DE	19805	302~~-442-1474~~ 257-1636
4	Los Taxes Pennsauken Transfer 2017	Carlos Colon	2115-B Browing Rd	Pennsauken	NJ	08110	856-330-4995
~~35~~	Los Taxes Centreville	Daniel Jeffers	~~121 E Water Street~~130 B Comet Drive	Centreville	MD	21617	443-262-8188
~~4~~	~~Los Taxes Riverdale~~	~~Angel & Gabriela Hernandez~~	~~6218 Rhode Island Ave~~	~~Riverdale~~	~~MD~~	~~20737~~	~~301-864-1510~~
~~5~~	~~Los Taxes Annapolis~~	~~Angel & Gabriela Hernandez~~	~~1831 Forest Drive, Suite E~~	~~Annapolis~~	~~MD~~	~~21401~~	~~410-268-1614~~
~~6~~	~~Los Taxes Gaitersburg~~	~~Angel & Gabriela Hernandez~~	~~504 E Diamond Avenue, Suite C~~	~~Gaithersburg~~	~~MD~~	~~20877~~	~~301-704-8974~~
~~7~~	~~Los Taxes Frederick~~	~~Ana Gomez~~	~~5 Willowdale Dr, Suite B06~~	~~Frederick~~	~~MD~~	~~21702~~	~~301-378-8201~~
~~8~~	~~Los Taxes Uno Plus Uno~~	~~MaryAnn Adams~~	~~22 Aggie Ct~~	~~Greensboro~~	~~NC~~	~~27401~~	~~336-235-1912~~
~~9~~	~~Los Taxes Terralonge~~	~~MaryAnn Adams~~	~~1105 East Windover Ave, Suite D~~	~~Greensboro~~	~~NC~~	~~27405~~	~~336-265-8348~~
~~10~~	~~Los Taxes Corona~~	~~Ray Duarte~~	~~108-06 39th Avenue~~	~~Corona~~	~~NY~~	~~11368~~	~~718-424-0101~~
~~11~~	~~Los Taxes East Elmhurst~~	~~Santa Antonio~~	~~94-21 Astoria Blvd~~	~~East Elmhurst~~	~~NY~~	~~11369~~	~~929-522-0623~~

~~12~~	~~Los Taxes New Life~~	~~Delıahemı n Rodrıguez~~	~~804 Grand Street~~	~~Brooklyn~~	~~NY~~	~~11211~~	~~718-417-0777~~
~~136~~	Los Taxes Lajara	Damıan Luna	~~3612 N 5th Street~~171 W Lehıgh Avenue	Phıladelphıa	PA	~~19140~~19133	215-~~228-3000~~702-4087
~~147~~	Los Taxes Olney	Damıan Luna	5235 N 5th Street	Phıladelphıa	PA	19120	267-281-3477
~~158~~	Los Taxes ~~Buıst~~Roosevelt	Damıan Luna	~~6604 Buıst Ave~~6951 Roosevelt Blvd	Phıladelphıa	PA	~~19142~~19149	215-~~228-3000~~365-5372
~~169~~	Los Taxes Kennett Square	Elsı Melo	600 W Cypress St	Kennet Square	PA	19348	347-923-1103
~~171~~0	Los Taxes ~~Mundo~~Brıstol Transfer - 2017	~~Pablo Rıvera~~Carlos Colon	~~901 S Hıghland~~1401 E Brıstol St, ~~Suite 335~~Store #2	~~Arlıngton~~Phıladelphıa	~~VA~~PA	~~22204~~19124	~~703-859-1280~~215-821-3282

LIST OF FRANCHISEES WHO SIGNED FRANCHISE AGREEMENT BUT OUTLET NOT OPERATIONAL AS OF DECEMBER 31, 2017

Los Taxes College Park	

EXHIBIT "E"TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM AS OF DECEMBER 31, 2016

None

EXHIBIT "F" TO DISCLOSURE DOCUMENT

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Los Taxes®
para nuestra gente

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EXHIBIT "G" TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

LOS TAXES FRANCHISE CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

BARRY POPICK, CPA

LOS TAXES FRANCHISE CORP
DECEMBER 31, 2017 AND 2016

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Bronx, NY 10461

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732-617-0269-fax
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Los Taxes Franchise Corp

I have audited the accompanying financial statements of Los Taxes Franchise Corp , a Delaware corporation, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income, retained earnings, and cash flows for the years ended December 31, 2017 and 2016, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit I conducted my 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, I express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Los Taxes Franchise Corp as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years ended December 31, 2017 and December 31, 2016 in accordance with accounting principles generally accepted in the United States of America

CERTIFIED PUBLIC ACCOUNTANT

March 14, 2018

LOS TAXES FRANCHISE CORP
BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
Current assets		
Cash	$ 4,702	$ 17,538
Accounts receivable	141,237	97,883
Due from officer	6,972	-
TOTAL ASSETS	$ 152,911	$ 115,421

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities		
Accounts payable	$ -	$ 24,600
Deferred income	73,000	37,000
Total current liabilities	73,000	61,600
Liabilities long-term		
Loan payable-stockholder	-	42,528
Total liabilities	73,000	104,128
Stockholder's equity		
Common stock-authorized 200 shares, no par value Issued and outstanding 100 shares	10,000	10,000
Retained earnings (defecit)	69,911	1,293
Total stockholder's equity	79,911	11,293
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 152,911	$ 115,421

See accompany notes to financial statements

LOS TAXES FRANCHISE CORP
STATEMENT OF EARNINGS AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31 2017 AND 2016

	2017	2016
Revenues		
Franchise fees	$ 4,000	$ 2,500
Processing and storage fees	355,890	279,845
Annual fees	48,650	49,496
Other income	1	2,045
Total revenue	408,541	333,886
Operating expenses		
Payroll	136,000	137,164
Payroll taxes	10,209	8,863
Meeting and events	26,205	-
Advertising and promotion	26,745	19,804
Gala	10,418	14,290
Insurance	5,361	3,167
Professional fees	69,607	26,200
Commissions	22,379	11,587
Dues and subscriptions	1,845	2,966
Bank charges	4,758	2,819
Travel and entertainment	7,907	10,032
Business licences & taxes	5,430	15,239
Office expenses	4,938	2,964
Training	2,731	955
Telephone	-	2,622
Utilities	-	558
Auto and truck expense	4,223	2,620
Other	1,167	268
Total operating expenses	339,923	262,118
Net income	68,618	71,768
Stockholder distribution	-	(9,543)
Retained earnings-beginning	1,293	(60,932)
RETAINED EARNINGS-ENDING	$ 69,911	$ 1,293

See accompanying notes to financial statements

LOS TAXES FRANCHISE CORP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Operating activities		
Increase/(decrease) in net assets	$ 68,618	$ 71,768
Adjustments to reconcile net earnings/(loss) to net cash provided/(used) by operations		
Accounts receivable	(43,354)	(63,215)
Prepaid expenses	-	2,000
Accounts payable	(24,600)	19,236
Deferred income	36,000	17,500
Cash (used) for operations	36,664	47,289
Financing activities		
Stockholder distribution	-	(9,543)
Stockholder loan	(49,500)	(37,072)
Cash provided by financing activities	(49,500)	(46,615)
Investing activities		
Investment in franchises		14,600
Net cash provided	(12,836)	15,274
Cash-beginning	17,538	2,264
CASH-ENDING	$ 4,702	$ 17,538

See accompanying notes to financial statements

LOS TAXES FRANCHISE CORP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Operating activities		
Increase/(decrease) in net assets	$ 40,958	$ 71,768
Adjustments to reconcile net earnings/(loss) to net cash provided/(used) by operations		
Accounts receivable	(43,354)	(63,215)
Prepaid expenses	-	2,000
Accounts payable	3,920	19,236
Deferred income	36,000	17,500
Cash (used) for operations	37,524	47,289
Financing activities		
Stockholder distribution	-	(9,543)
Stockholder loan	(50,360)	(37,072)
Cash provided by financing activities	(50,360)	(46,615)
Investing activities		
Investment in franchises	-	14,600
Net cash provided	(12,836)	15,274
Cash-beginning	17,538	2,264
CASH-ENDING	$ 4,702	$ 17,538

See accompanying notes to financial statements

LOS TAXES FRANCHISE CORP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Note 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Los Taxes Franchise Corp was formed on June 9, 2015 in Delaware It was formed to franchise its "system" of tax preparation, primarily geared to the Latino market

Use of 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 reported period Actual results could differ from those estimates

Revenue recognition

Revenue is recognized based on the terms of the franchise agreement The franchise agreement allows the franchisee to utilize the "system" for ten years The franchise fee which is payable upon signing is amortized over the ten years on a straight line basis Other fees based on usage and sales by the franchisee are recorded at the time the activity takes place

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 14, 2018

NOTE 2- RELATED PARTY TRANSACTIONS

The majority stockholder of the Company has made an interest free loan to the Company There are no terms as to the repayment of the loan In addition the stockholder, (through one of his other companies) has provided office space to the Company without any cost

NOTE 3- FRANCHISE AGEEMENT

The franchise agreement which is not transferable, which requires an up front payment of $20,000, provides the franchisee the use of the "system" for ten tax seasons The agreement includes initial training for franchisee and managers The franchisee can extend the agreement for another five years if the request is made in writing within the specified period for renewal and the franchisee has complied with the terms of the agreement The extension fee is $2,500

NOTE 3- FRANCHISE AGEEMENT (continued)

In addition to the basic franchise fee there is a royalty fee of $25 per return, a bank product fee of $10 per return and a storage fee of $5 per return If the Company has an advertising campaign an annual non-refundable advertising contribution will be charged In addition there are annual dues of $1,750 Three franchise contract was entered into in 2017 and one in 2016

Contracts were

LOS TAXES FRANCHISE CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

BARRY POPICK, CPA

LOS TAXES FRANCHISE CORP.
DECEMBER 31, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Los Taxes Franchise Corp

I have audited the accompanying financial statements of Los Taxes Franchise Corp , a Delaware corporation, which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of income, retained earnings, and cash flows for the year ended December 31, 2016 and period June 9, 2015 (inception) to December 31, 2015, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit I conducted my 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, I express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Los Taxes Franchise Corp as of December 31, 2015 6 and 2015, and the results of its operations and its cash flows for the year ended December 31, 2016 and the period June 19, 2015 to December 31, 2015 in accordance with accounting principles generally accepted in the United States of America

Barry Popick
CERTIFIED PUBLIC ACCOUNTANT

January 28, 2017

LOS TAXES FRANCHISE CORP.
BALANCE SHEETS
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
Current assets		
Cash	$ 17,538	$ 2,264
Accounts receivable	97,883	34,668
Prepaid expenses	-	2,000
Total current assets	115,421	38,932
Investments in franchises	-	14,600
TOTAL ASSETS	$ 115,421	$ 53,532

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities		
Accounts payable	$ 24,600	$ 5,364
Deferred income	37,000	19,500
Total current liabilities	61,600	24,864
Liabilities long-term		
Loan payable-stockholder	42,528	79,600
Total liabilities	104,128	104,464
Stockholder's equity		
Common stock-authorized 200 shares, no par value Issued and outstanding 100 shares	10,000	10,000
Retained earnings (defecit)	1,293	(60,932)
Total stockholder's equity	11,293	(50,932)
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 115,421	$ 53,532

See accompany notes to financial statements

LOS TAXES FRANCHISE CORP.
STATEMENT OF EARNINGS AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31 2016 AND THE
PERIOD JUNE 19, 2015 TO DECEMBER 31, 2015

	Year Ended December 31, 2016	Period June 19, 2015 To December 31, 2015
Revenues		
Franchise fees	$ 2,500	$ 2,055
Processing and storage fees	279,845	-
Annual fees	49,496	-
Other income	2,045	-
Total revenue	333,886	2,055
Operating expenses		
Payroll	137,164	28,000
Payroll taxes	8,863	2,930
Meeting and events	-	2,635
Advertising and promotion	19,804	4,759
Gala	14,290	-
Insurance	3,167	3,864
Professional fees	26,200	8,600
Website	-	1,625
Commissions	11,587	3,000
Dues and subscriptions	2,966	1,391
Bank charges	2,819	726
Travel and entertainment	10,032	1,452
Business licences & taxes	15,239	-
Office expenses	2,964	2,523
Training	955	-
Telephone	2,622	-
Utilities	558	194
Auto and truck expense	2,620	1,138
Other	268	150
Total operating expenses	262,118	62,987
Net income	71,768	(60,932)
Stockholder distribution	(9,543)	-
Retained earnings-beginning	(60,932)	-
RETAINED EARNINGS-ENDING	$ 1,293	$ (60,932)

See accompanying notes to financial statements

LOS TAXES FRANCHISE CORP.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016 AND
THE PERIOD JUNE 19, 2015 TO DECEMBER 31, 2015

	Year Ended December 31, 2016	For the period June 19, 2015 to December 31, 2015
Operating activities		
Increase/(decrease) in net assets	$ 71,768	$ (60,932)
Adjustments to reconcile net earnings/(loss) to net cash provided/(used) by operations		
Accounts receivable	(63,215)	(34,668)
Prepaid expenses	2,000	(2,000)
Accounts payable	19,236	5,364
Deferred income	17,500	19,500
Cash (used) for operations	47,289	(72,736)
Financing activities		
Capital stock	-	10,000
Stockholder distribution	(9,543)	
Stockholder loan	(37,072)	79,600
Cash provided by financing activities	(46,615)	89,600
Investing activities		
Investment in franchises	14,600	(14,600)
Net cash provided	15,274	2,264
Cash-beginning	2,264	-
CASH-ENDING	$ 17,538	$ 2,264

See accompanying notes to financial statements

LOS TAXES FRANCHISE CORP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Los Taxes Franchise Corp was formed on June 9, 2015 in Delaware It was formed to franchise its "system" of tax preparation, primarily geared to the Latino market

Use of 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 reported period Actual results could differ from those estimates

Revenue recognition

Revenue is recognized based on the terms of the franchise agreement The franchise agreement allows the franchisee to utilize the "system" for ten years The franchise fee which is payable upon signing is amortized over the ten years on a straight line basis Other fees based on usage and sales by the franchisee are recorded at the time the activity takes place

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 28, 2017

NOTE 2- RELATED PARTY TRANSACTIONS

The majority stockholder of the Company has made an interest free loan to the Company There are no terms as to the repayment of the loan In addition the stockholder, (through one of his other companies) has provided office space to the Company without any cost.

NOTE 3- FRANCHISE AGEEMENT

The franchisé agreement which is not transferable, which requires an up front payment of $20,000, provides the franchisee the use of the "system" for ten tax seasons The agreement includes initial training for franchisee and managers The franchisee can extend the agreement for another five years if the request is made in writing within the specified period for renewal and the franchisee has complied with the terms of the agreement. The extension fee is $2,500.

NOTE 3- FRANCHISE AGEEMENT (continued)

In addition to the basic franchise fee there is a royalty fee of $25 per return, a bank product fee of $10 per return and a storage fee of $5 per return If the Company has an advertising campaign an annual non-refundable advertising contribution will be charged In addition there are annual dues of $1,750 One franchise contract was entered into in each year, 2016 and 2015

EXHIBIT "H"TO DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, LOS TAXES FRANCHISE CORP (the "Franchisor") and you are preparing to enter into a franchise agreement (the "Franchise Agreement") for the establishment and operation of a Los Taxes Business The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor ("Broker") that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor

In the event that you are intending to purchase an existing Los Taxes Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor The questions below do not apply to any communications that you had with the transferring Franchisee Please review each of the following questions and statements carefully and provide honest and complete responses to each

1 Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Los Taxes Business from an existing Franchisee?

Yes _____ No _____

2 I had my first face-to-face meeting with a Franchisor representative on _____, 20___

3 Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4 Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary)

_____

_____

_____

_____

_____

_____

5 Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

6 Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7 Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary)

_____
_____
_____
_____
_____
_____

8 Have you discussed the benefits and risks of establishing and operating a Los Taxes Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9 Do you understand that the success or failure of your Los Taxes Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Los Taxes Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Los Taxes Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Los Taxes Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Los Taxes Business?

Yes _____ No _____

15 Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or franchise agreement?

Yes _____ No _____

16 Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17 Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18 Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

_____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines (Attach additional pages, if necessary, and refer to them below) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank

I signed the Franchise Agreement and Addendum (if any) on _____, 20___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor

Please understand that your responses to these questions are important to us and that we will rely on them By signing this Questionnaire, you are representing that you have responded truthfully to the above questions In addition, by signing this Questionnaire, you also acknowledge that

A You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace You hereby acknowledge your awareness of and willingness to undertake these business risks

B You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including the Broker or any other broker) as to the likelihood of success of the franchise Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including the Broker or any other broker) concerning actual, projected or forecasted franchise sales, profits or earnings If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None"

_____

_____

_____

C You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures") The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is

(i) a person or entity listed in the Annex to the Executive Order,

(ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism,

(iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or

(iv) owned or controlled by terrorists or sponsors of terrorism

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure

Acknowledged this _____ day of _____, 20____

Sign here if you are taking the franchise as an

INDIVIDUAL

_____
Signature

Print Name_____

_____
Signature

Print Name_____

_____
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 "I" TO DISCLOSURE DOCUMENT
FORM OF GENERAL RELEASE

LOS TAXES FRANCHISE CORP

GENERAL RELEASE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of _____, 20___ by and between LOS TAXES FRANCHISE CORP , a Delaware corporation having its principal place of business located at ~~717 N. Union Street #123, Wilmington, Delaware, 19805~~11230 Triangle Lane, Wheaton, Maryland 20902 (the "Franchisor"), and _____, an individual residing at _____ OR _____ (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 Delaware 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 Delaware

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

_____

Witness

_____

RELEASOR

_____
(Name)

LOS TAXES FRANCHISE CORP

By _____
Name _____
Title _____

RECEIPT

(RETURN ONE COPY TO US)

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

If LOS TAXES FRANCHISE 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 and Rhode Island require that we give you this 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 Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If LOS TAXES FRANCHISE 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit A

The franchisor is LOS TAXES FRANCHISE CORP , located at ~~717 N Union Street #123, Wilmington, Delaware, 19805~~ 11230 Triangle Lane, Wheaton, Maryland 20902 Its telephone number is 855-Los-Taxes

Issuance date ~~January 28,~~ April 13, 2018~~2017 amended as of May 31, 2017~~

The franchise seller for this offering is. _____

_____.

LOS TAXES FRANCHISE CORP authorizes the agents listed in Exhibit A to receive service of process for it.

I have received a disclosure document dated _____, 20___ that included the following Exhibits.

A – State Agencies/Agents for Service of Process	F – Table of Contents of Operations Manual
B – State Specific Addendum	G – Financial Statements
C – Franchise Agreement with Conversion Addendum	H – Franchisee Disclosure Acknowledgment Statement
D – List of Franchisees	I – Form of General Release
E – List of Franchisees Who Have Left the System	

Date. _____

(Do not leave blank) Signature of Prospective Franchisee

_____

Print Name

You may return the signed receipt either by signing, dating and mailing it to LOS TAXES FRANCHISE CORP, at 11230 Triangle Lane, Wheaton, Maryland 20902, or by faxing a copy of the signed and dated receipt to LOS TAXES FRANCHISE CORP at (301) 576-4495

RECEIPT

(RETURN ONE COPY TO US)

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Issuance date April 13, 2018

The franchise seller for this offering is _____

_____

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~~Date:~~ _____ _____

~~(Do not leave blank)~~ ~~Signature of Prospective Franchisee~~

_____

~~Print Name~~

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~~RECEIPT~~

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	~~I Form of General Release~~

Date _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

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Print Name

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