



FRANCHISE DISCLOSURE DOCUMENT

AREA REPRESENTATIVE OFFERING

Toro Taxes Franchise, LLC
A Nevada limited liability company
6130 Elton Avenue
Las Vegas, Nevada 89107
(800) 867-6829
ContactUs@torotaxes.com
www.torotaxes.com

The franchise that we offer is for the right to operate as an “Area Representative,” which solicits and refers to us qualified prospective Toro Taxes franchisees located in particular geographic areas, and then provides ongoing supervision and assistance to those franchisees, in exchange for a fee and continuing commissions.

The total investment necessary to begin operation of a Toro Taxes Area Representative Business ranges from \$55,600 to \$192,300. This includes \$20,000 to \$100,000 that must be paid to the franchisor or its affiliate(s). The initial investment necessary to begin operation of a Toro Taxes Area Representative Business Plus one AR Owned Unit ranges from \$73,435 to \$271,450. This includes \$20,000 to \$140,000 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your area representative agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this 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 form that is more convenient for you. To discuss the availability of disclosures in different forms, contact Nick Maldonado, Toro Taxes Franchise, LLC, 6130 Elton Avenue, Las Vegas, Nevada 89107, (800) 867-6829.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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, D.C. 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: April 22, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F and G.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Toro Taxes business in my area?	Item 12 and the "territory" provisions in the area representative agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Toro Taxes franchisee?	Item 20 or Exhibits F and G list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The area representative agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Nevada. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Nevada than in your own state.
2. **Spousal Guarantee.** Your spouse may be required to sign a document that makes your spouse liable for all financial obligations under the area representative agreement, even if your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails. We may waive this requirement in extraordinary circumstances in our sole discretion.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Sales Performance Required.** 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.
5. **Mandatory Minimum Payments.** You must make minimum payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

NOTICE 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.

The Michigan Franchise Law states in Sec. 445.1527, Sec.27 that each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (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 an area representative 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 area representative agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 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 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 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) The 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 sub-franchisor.
 - (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 area representative 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 area representative 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

Toro Taxes®
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TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	1
2. BUSINESS EXPERIENCE.....	7
3. LITIGATION	10
4. BANKRUPTCY	10
5. INITIAL FEES	11
6. OTHER FEES	12
7. ESTIMATED INITIAL INVESTMENT	14
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	18
9. FRANCHISEE'S OBLIGATIONS	21
10. FINANCING	22
11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	23
12. TERRITORY	28
13. TRADEMARKS.....	30
14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	31
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	32
16. RESTRICTIONS ON PRODUCTS AND SERVICES SOLD	32
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	33
18. PUBLIC FIGURES	37
19. FINANCIAL PERFORMANCE REPRESENTATIONS	37
20. OUTLETS AND FRANCHISEE INFORMATION	38
21. FINANCIAL STATEMENTS.....	41
22. CONTRACTS	41
23. RECEIPTS.....	42

EXHIBITS

- A. LIST OF STATE ADMINISTRATORS
- B. LIST OF AGENTS FOR SERVICE OF PROCESS
- C. TABLE OF CONTENTS OF OPERATIONS MANUAL
- D. FINANCIAL STATEMENTS
- E. AREA REPRESENTATIVE AGREEMENT
- F. LIST OF AREA REPRESENTATIVES
- G. LIST OF AREA REPRESENTATIVES WHO HAVE LEFT THE SYSTEM
- H. STATE SPECIFIC ADDENDA
- I. STATE EFFECTIVE DATES
- J. RECEIPTS

ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Toro Taxes Franchise, L.L.C, the franchisor of the Toro Taxes franchise is referred to in this franchise disclosure document (the “Disclosure Document”) as “we”, “us” or “our” as the context requires. A franchisee is referred to in this Disclosure Document as “you” and “your” as the context requires. If you are a corporation, partnership or other legal entity (a “Corporate Entity”), our Area Representative Agreement will also apply to your individual owners, shareholders, members, officers, directors and other principals.

The Franchisor

We are a Nevada limited liability company established on April 5, 2019. Our principal place of business is 6130 Elton Avenue, Las Vegas, Nevada 89107. We conduct business under our corporate name Toro Taxes Franchise, LLC and under Toro Taxes trade name. Our business is operating the Toro Taxes franchise system and granting franchises to third parties like you to develop and operate an Office. We began offering single unit franchises as of July 22, 2021. Our predecessor had been conducting business and offering franchises under the Toro Taxes name since September 2015. Our predecessor began offering area representative franchise opportunities on January 8, 2019. Other than as discussed above, we are not in any other business, we have not conducted business in any other line of business, we do not conduct or operate a Franchised Business of the type to be operated by a franchisee, and we have not offered or sold franchises in any other line of business. We do not have a parent company. Our registered agents for service of process are disclosed in Exhibit B of this Disclosure Document.

Our Predecessors

In an agreement effective on January 1, 2020, we acquired the rights and license to operate the Toro Tax Franchise System from our affiliate and predecessor Toro Tax Franchising LLC, a Nevada limited liability company established on October 23, 2014 with a principal place of business at 6130 Elton Avenue, Las Vegas, Nevada 89107. Prior to October 2014, our prior predecessor, Toro Tax Services, Inc., a California corporation that was incorporated on September 10, 2012 and maintained a principal place of business at 1924 S. Maryland Pkwy, Las Vegas, Nevada 89104, previously offered and entered into license agreements granting third party licensees the right to utilize the System and Licensed Marks in connection with the operation of Toro Taxes businesses. Toro Tax Services, Inc. no longer offers licenses and will not offer licenses in the future. We disclose and identify Toro Taxes licensees with our franchisees in this Disclosure Document.

Additionally, we acquired the majority of the franchise assets of our affiliate and predecessor Los Taxes Franchise Corp. pursuant to an agreement with an effective date of January 1, 2020. As of the issuance date of this Disclosure Document, all outlets previously operating pursuant to a Los Taxes Franchise Corp. agreement (each a “Former Los Taxes Franchisee”) are now operating within the Toro Taxes system under the Licensed Marks. Los Taxes Franchise Corp. is a Delaware corporation that was formed on June 9, 2015 and has its principal place of business at 11230 Triangle Lane, Wheaton, Maryland 20902. Los Taxes Franchise Corp. began offering franchises for a tax preparation business since June 2016. Unless you are a Former Los Taxes Franchisee converting to the Toro Tax System, you will not conduct business directly with this affiliate.

The Franchised Business

The Franchised Business we offer in this Disclosure Document is a business as our Area Representative (defined below) within a Designated Territory. You may enter into an Area Representative Agreement in the form attached to this Disclosure Document as Exhibit E (the “Area Representative Agreement”) to develop and operate an area representative business within a designated area representative territory (the “Area Representative Territory”). We refer to the area representative business that you will develop and

operate as either the “Area Representative Business” or the “Franchised Business” and we refer to you as an “Area Representative.” As an Area Representative, you will be required to engage in certain activities related to the promotion and marketing of Businesses (defined below), the recruitment of qualified prospective single unit franchisees and the support of Toro Taxes system franchisees within your designated Area Representative Territory in conformity with our System, as defined and disclosed below.

We have developed and license a system (the “System”) for the operation of a business (each, a “Business”) from a dedicated retail facility that offers and provides: (i) individual income tax preparation, filing and related services for individuals; (ii) business division services that include income tax preparation services, bookkeeping and related administrative services for businesses; (iii) insurance division services that include life insurance services and related services for businesses; and (iv) real estate brokerage services (“System Products and Services”). The System is presently identified by the Toro Taxes trademark, the Toro Taxes logo and such other trade-names, trademarks, service-marks, logotypes, and commercial symbols as we may designate, modify and adopt from time to time for use in the System and as same may or may not be registered with the United States Patent and Trademark Office (collectively referred to as the “Licensed Marks”). Under our individual unit Franchise Agreement (the “Franchise Agreement”), franchisees are required to develop and operate a Business in conformity with the requirements of our System. We do not offer or disclose our individual unit Business Franchise Agreement in this Disclosure Document. Disclosure of our individual unit Business Franchise Agreements are made by a separate franchise disclosure document (the “Unit FDD”).

Area Representative Agreement

If we approve you as an area representative, you may enter into an Area Representative Agreement in the form attached to this Disclosure Document as Exhibit E to engage in certain activities involving the sales, solicitation, screening, and recruitment of prospective franchisees within a Designated Territory.

As an area representative, subject to the terms of your Area Representative Agreement and during the term of your Area Representative Agreement, you will receive from us compensation comprised of: (a) \$20,000 for each single unit franchisee that is authorized by us to locate and establish their Business within your designated Area Representative Territory during the initial term of your Area Representative Agreement and pays the full initial franchise fee in full upon execution of the Franchise Agreement or prior to the Discount End Date (the “Cash Payment Commission”); (b) \$15,000 for each single unit franchisee that is authorized by us to locate and establish their Business within your designated Area Representative Territory during the initial term of your Area Representative Agreement and finances the initial franchise fee (the “Finance Commission”)(the Cash Payment Commission and Finance Commission are collectively referred to as the “Area Representative Initial Net Franchise Fee Commission”); and (c) 25% of the net royalty fees paid to us by each respective Area Representative System Franchisee (defined below) with an authorized Toro Taxes location in your designated Area Representative Territory during the term of your Area Representative Agreement and, if applicable, the renewal term of your Area Representative Agreement (the “Area Representative Royalty Commission”). For purposes of this Disclosure Document, the term “Discount End Date” shall mean the later date of either (i) the opening of the applicable single unit franchisee Toro Taxes Business; or (ii) six months from the date the applicable single unit franchisee signs their Franchise Agreement for their Toro Taxes Business.

We refer to the franchisees that are authorized by us to locate and establish their Business within your designated Area Representative Territory during the initial term of your Area Representative Agreement as “Area Representative System Franchisees.” The Area Representative Initial Net Franchise Fee Commission is a one-time fee payable for each Area Representative System Franchisee. The Cash Payment Commission is paid when all required funds relating to the initial franchise fee are received by us. The Finance Commission is paid when upon our receipt of at least three monthly payments on the applicable promissory note. In the event that we do not receive all required funds and/or the franchisee fails to make the required

monthly payments, we shall not be required to pay any commission to you. The Area Representative Royalty Commission relates to net royalty fees paid to us and received by us from Area Representative System Franchisees and does not relate to any other fees paid to us from franchisees including, but not limited to, brand development fund fees, renewal fees, transfer fees, training fees, late charges, interest fees, audit fees, attorneys' fees, testing fees, or any other fee paid to us or our affiliates. You are solely responsible for all brokerage and other fees owed to brokers, lead generation companies and referral sources that you engage, meaning that these fees will be paid by you directly out of your Area Representative Initial Net Franchise Fee Commissions, Area Representative Royalty Commissions and other sources available to you. In the event you have an outstanding balance relating to the financing of your AR Business, we may apply all commissions owed to us to your outstanding balance.

As an Area Representative you will not be authorized to sign any documents on our behalf or relating to the System. You will refer all qualified prospects to us and we may, in our sole and absolute discretion, choose not to sign a Franchise Agreement with your prospect, in which case you will receive no compensation. As an Area Representative, as to your Area Representative Territory and single unit franchisees located within your Area Representative Territory, you will have the following responsibilities: (a) solicit and screen prospective franchisees to ensure they meet our minimum qualifications and requirements; (b) provide franchisees with support and opening assistance; (c) provide initial training to franchisees; (d) provide site selection support; (e) provide marketing and sales support to franchisees; (f) provide operational support and guidance to franchisees; (g) conduct on-going inspections of all franchisees to ensure compliance with our standards; and (h) provide continual monitoring of franchisees to ensure compliance with our practices, procedures and Manuals. You will be responsible for disclosing our Franchise Disclosure Document for prospective Area Representative System Franchisees in conformity with all applicable laws and, to disclose and satisfy your obligations as an Area Representative in accordance with all applicable laws. You must conduct and perform inspections for all Toro Taxes Businesses in your Area Representative Territory at least once per month. You are required to establish a Latinx Training Center to provide the Area Representative Services relating to training single unit franchisees.

Our Affiliates

Toro Enterprises, LLC

Our affiliate, Toro Enterprises, LLC, is a Nevada limited liability company established on August 6, 2013. Toro Enterprises, LLC's principal business address is 6130 Elton Avenue, Las Vegas, Nevada 89107. Toro Enterprises, LLC utilizes the Licensed Marks and System in its operation of a Toro Taxes Businesses in Las Vegas, Nevada. You will not directly conduct business with this affiliate. Toro Enterprises, LLC has not in the past and does not now offer franchises in any lines of business.

Latinx Entrepreneur Training Centers LLC

Our affiliate, Latinx Entrepreneur Training Centers LLC, is a Nevada limited liability Company established on July 5, 2019. Latinx Entrepreneur Training Centers LLC's principal business address is 6130 Elton Avenue, Las Vegas, Nevada 89107. This affiliate may provide certain training center services to your Franchised Business. Latinx Entrepreneur Training Centers LLC has not in the past and does not now offer franchises in any lines of business.

Toro Cares

Our affiliate, Toro Cares, is a Nevada nonprofit corporation established on January 30, 2020. Toro Cares' principal business address 6130 Elton Avenue, Las Vegas, Nevada 89107. This affiliate is a charitable organization that conducts a charitable program involving the collection of donations from Toro Taxes businesses that elect to opt into the program. Opting into the program is voluntary. Toro Cares has not in the past and does not now offer franchises in any lines of business.

Toro Life, LLC

Our affiliate, Toro Life, LLC, is a Nevada limited liability Company established on December 21, 2016. Toro Taxes Business Division LLC's principal business address 6130 Elton Avenue, Las Vegas, Nevada 89107. This affiliate may provide training and support to your Franchised Business. You may be required to conduct business with this affiliate if franchisees within your Area Representative Territory offer insurance division services at their Toro Taxes Business. Toro Life, LLC has not in the past and does not now offer franchises in any lines of business.

Toro Taxes Business Division LLC

Our affiliate, Toro Taxes Business Division LLC, is a Nevada Limited Liability Company established on September 19, 2017. Toro Taxes Business Division LLC's principal business address is 6130 Elton Avenue, Las Vegas, Nevada 89107. This affiliate may provide optional training, software and support to franchisees that offer business through their Toro Tax Business, including processing payments for your Franchised Business. Toro Taxes Business Division LLC has not in the past and does not now offer franchises in any lines of business.

Toro Realty LLC

Our affiliate, Toro Realty LLC, is a Nevada limited liability Company established on March 4, 2020. Toro Realty LLC's principal business address 6130 Elton Avenue, Las Vegas, Nevada 89107. You may be required to conduct business with this affiliate if franchisees within your Area Representative Territory offer real estate brokerage services at their Toro Taxes Business. Toro Realty LLC has not in the past and does not now offer franchises in any lines of business.

Franchise Funding Co LLC

Our affiliate, Franchise Funding Co LLC, is a Nevada limited liability company established on December 1, 2022. Franchise Funding Co LLC's principal business address is 6130 Elton Avenue, Las Vegas, Nevada 89107. This affiliate may provide financing. Franchise Funding Co LLC has not in past and does not now offer franchises in any lines of business.

Market and Competition

As an Area Representative, you will be competing with other franchisors and franchise systems related to the sale of franchises that include businesses and other franchise business opportunities in related industries that are not necessarily competitive with business but are perceived by prospective franchisees as alternative business formats and options. The franchise industry is extremely competitive, and your competition will include franchise systems that offer products and services similar to the Franchised Business and franchisors in other industries. The market for franchise sales and franchise opportunities similar to that of a Franchised Business is not seasonal and is very highly competitive.

The individual tax preparation portion of Businesses are highly seasonal in nature with customer activity primarily occurring from December through the middle of April each year. Other services will be offered from Businesses and provided throughout the year. The market for tax preparation and other services provided by Businesses is well established and extremely competitive. Competition includes large national tax preparation chains, as well as regional and local tax preparation chains, independent tax preparation businesses and local tax preparers, accountants and enrolled agents.

Industry Specific Laws

The Businesses will be governed by and subject to local, state and federal rules and regulations regarding tax preparation services, refund anticipation loans ("RALs") and the services offered by the Businesses, including the Supplemental Services that the Businesses may be authorized to offer. They will not need to obtain a California's lender license as all RALs are offered through a third party banking partner.

The Internal Revenue Code (“IRC”) and the rules and regulations issued under the IRC and by the Internal Revenue Service (“IRS”) extensively regulate all aspects of tax preparation businesses. The preparation and electronic filing of tax returns is critical to the operations of the Businesses. They cannot file tax returns electronically unless they qualify for and obtain an electronic filing identification number (“EFIN”) from the IRS. They can apply for an EFIN by submitting a completed application to the IRS. Instructions for becoming an authorized e-filer and obtaining an EFIN are available on the internet. The IRS will screen them prior to issuing you an EFIN and if they do not pass the IRS background suitability check they will not be able to obtain an EFIN. They may not pass the IRS suitability check for a variety of reasons that include but are not limited to: an indictment or conviction of any criminal offense under the laws of the United States or of a state or other political subdivision, or an active IRS criminal investigation; failure to file accurate federal, state, or local tax returns; failure to pay any federal, state, or local tax liability; assessment of fraud penalties; suspension/disbarment from practice before the IRS or before a state or local tax agency; disreputable conduct or other facts that may adversely impact IRS e-file; misrepresentation on an IRS e-file application; unethical practices in return preparation; non-compliance with §6695(g) of the Internal Revenue Code; stockpiling returns prior to official acceptance to participate in IRS e-file; knowingly and directly or indirectly employing or accepting assistance from any firm, organization, or individual denied participation in IRS e-file, or suspended or expelled from participating in IRS e-file (including any individual whose actions resulted in the denial, suspension, or expulsion of a firm from IRS e-file); knowingly and directly or indirectly accepting employment as an associate, correspondent, or as a subagent from, or sharing fees with, any firm, organization, or individual denied participation in IRS e-file, or suspended or expelled from participating in IRS e-file (including any individual whose actions resulted in denial, suspension, or expulsion of a firm from IRS e-file); or they have been enjoined from filing returns by a federal or state court injunction or prohibited from filing returns by any federal or state legal action that prohibits them from participation. They cannot operate a Business if they are unable to obtain an EFIN.

The IRS requires that all tax preparers become a Registered Tax Preparer (“RTP”) with the IRS to obtain a Preparer Tax Identification Number (“PTIN”) and tax preparers must renew their PTIN each year. The Businesses must have a minimum of one RTP in their Businesses unless they are already a Certified Public Accountant or enrolled agent. Each of their tax preparers must use appropriate diligence in preparing tax returns, verify tax returns and submit their signatures and PTIN on all tax returns prepared by them. Their tax preparers must also furnish a copy of the tax returns to the client, maintain a client list, safeguard client’s privacy, and not negotiate, directly or indirectly, with clients regarding tax refund checks. Each of their tax preparers is required to comply with the continuing professional education (“CPE”) requirements of the states where the Businesses are located.

The Federal Trade Commission’s Safeguards Rule requires that tax preparers use physical, administrative and technological means to safeguard confidential client data. The federal Gramm Leach Bliley Act requires that tax preparers advise clients of what type of confidential data they collect, the use made of this data, and safeguards in place to protect it.

In California, tax preparers are governed by the California Business and Professions Code Sec. 22250-22259. In summary, those laws require tax preparers (except certified public accountants, attorneys and their employees, certain trust companies and businesses, financial institutions regulated by the state or federal government, and persons enrolled to practice before the IRS) to post a bond, possess certain educational attainment in tax preparation, annually complete continuing education in tax preparation, maintain and furnish tax records to clients, provide specific disclosures related to RALs, if offered, and not engage in dishonest business or advertising practices.

Some states have laws and regulations with respect to RALs, which may include the regulation of advertising associated with RALs. Some states also require submission and approval of a registration application as a “loan broker”, “credit services organization”, or “tax refund anticipation loan facilitator”

in order to offer RALs for a fee or some other consideration. The laws in regard to offering RALs in your state may change at any time as the federal government or your state government may issue new laws and regulations or revise existing laws regulating the offering of RALs. Lending institutions may also impose new rules or restrictions on RAL lending or may decide to no longer offer RALs. These regulatory and business changes are not within our control.

You should investigate whether there are any regulations or laws in relation to offering RALs and any state or local regulations, exams or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the Businesses and the cost of compliance. Therefore, we recommend that before signing the Area Representative Agreement, you engage an attorney or other professional advisor to assist you in both determining what laws, ordinances and regulations may affect your establishment or operation of an Area Representative Business or Business, and in complying with them. You are responsible for obtaining all licenses required in your state, county, as well as locality.

Many states and local jurisdictions have laws, rules, and regulations that may apply to the Area Representative Business or the Businesses, including rules and regulations related to the sale of insurance services. You must acquire and maintain the licenses required by your state. You may be required to designate us as the agent of record for your Area Representative Business or the Businesses and comply with the laws and regulations regarding the deposit of fees, premiums, and other amounts collected. You must complete any continuing education requirements specified by local laws and regulations to maintain your license, if your license is terminated, suspended, or restricted, you must notify us and we will have the right to terminate your Area Representative Agreement.

There are specific federal, state, and local laws, rules, and regulations that may apply to the Area Representative Business or the Business, including rules and standards that regulate the real estate industry. All states have laws that regulate estate operations and that require real estate brokers and their salespersons or sales agents to hold state licenses.

Additionally, federal laws and many states and local jurisdictions have enacted laws, rules, and regulations that may apply to the Area Representative Business or the Businesses, rules and regulations related to the zoning, construction, design and maintenance of the Businesses and laws and regulations that apply to businesses generally, including rules and regulations involving employment practices, wage and hour laws, immigration and employment laws, employee health and safety and emergency preparedness, and equal access for the disabled (including requirements imposed by The Americans with Disabilities Act of 1990 and numerous state equivalent laws that may affect the Businesses, including specialized entrance ramps, doors, seating, bathroom facilities and other facility requirements).

It is your sole responsibility to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time. We recommend that you consult with your attorney for an understanding of all the laws applicable to your specific Toro Taxes Business.

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ITEM 2

BUSINESS EXPERIENCE

Nick Maldonado, Chief Executive Officer

Nick Maldonado is our co-founder and has served as our Chief Executive Officer since our formation in April 2019. Since its formation in October 2014 Mr. Maldonado has been our predecessor, Toro Tax Franchising LLC's, Chief Executive Officer. From January 2014 and continuing to date, Mr. Maldonado has been the Chief Executive Officer of our affiliate Toro Enterprises, LLC where Mr. Maldonado is involved in the development and management of our affiliate owned Toro Taxes Business. All of Mr. Maldonado's positions have been based out of Las Vegas, Nevada.

Oscar Toro, Chief Operating Officer

Oscar Toro is our co-founder and has served as our Chief Operating Officer since our formation in 2019. Since our predecessor's formation in October 2014, Mr. Toro has been the Chief Operating Officer of Toro Taxes Franchising, LLC. Since January 2014 and, continuing to date, Mr. Toro has been the President of our affiliate Toro Enterprises, LLC where Mr. Toro has is involved in the development and management of our affiliate owned Toro Taxes Business. All of Mr. Toro's positions have been based out of Las Vegas, Nevada.

Javier N. Solis, Certified Franchise Executive

Javier N. Solis is our co-founder and Certified Franchise Executive and has served in this role since September 2022 after completing the Certified Franchise Executive program at the International Franchise Association and Georgetown University School of Business. From June 2022 to March 2023, Mr. Solis served as our Chief Financial Officer. Since our formation in April 2019 until Mr. Solis' change in position to Chief Financial Officer, Mr. Solis served as our East Coast Chief Operating Officer as well as our Interim Chief Financial Officer. Since May 2007 and continuing to date, Mr. Solis has served as President and Chief Executive Officer of Los Taxes Franchise Corp. located in Brooklyn, New York. Since December 1999 and continuing to date, Mr. Solis has also been President of E-File Tax Group, Inc. d/b/a Los Taxes located in Brooklyn, New York. Since 2005 and continuing to date, Mr. Solis has served as President and co-founder of Negocios. Tax based out of Maryland and New York.

Antonia Andrade, Vice President and Certified Franchise Executive

Antonia Andrade has served as our Vice President of Franchise Operations since 2019. Since July 2014 and continuing to date, Ms. Andrade has served as our predecessor's, Toro Taxes Franchising, LLC, Executive Administrator. Both of Ms. Andrade's positions have been based out of Las Vegas, Nevada. Since October 2022 and continuing to date, Ms. Andrade has served as a Certified Franchise Executive after completing the Certified Franchise Executive program at the International Franchise Association and University of Louisville.

Area Representatives

Celsa N. Arbaiza, Area Representative

Since 2021 and continuing to date, Celsa Arbaiza has served as a Toro Taxes Area Representative for the state of Colorado. From December 2012 to April 2018, Celsa served as an Exclusive Territory Developer at Toro Taxes, Inc. in Colorado.

Jennifer Moralde, Area Representative

Since 2021 and continuing to date, Jennifer Moralde has served as a Toro Taxes Area Representative for the state of Ohio. From January 1990 to April 2022, Jennifer was an Insurance Agent at Farmers Insurance located in Ohio.

Felipe Diaz De La Pena, Area Representative

Since 2021 and continuing to date, Felipe Diaz De La Pena has served as a Toro Taxes Area Representative for the Oklahoma City, Oklahoma region. Since April 2022 and, continuing to date, Felipe has served as CEO of 20D SA DE CV. From April 2004 to April 2022, Felipe was CEO at Nancy Estrada Castro. From October 2011 to April 2022, Felipe was a main shareholder at COINFI SA DE CV. From June 2002 to April 2022, Felipe was an advisor at ICG DE GUADALAJARA SA DE CV.

Sara Martinez, Area Representative

Since 2021 and continuing to date, Sara Martinez has served as a Toro Taxes Area Representative for the Houston, Texas region. Since September 2019 and, continuing to date, Sara has served as Branch Manager at Toro Taxes NV 840 located in Nevada. From January 2016 to September 2019, Sara was Manager at Toro Taxes located in Nevada.

Luz Dayana Estrada Medina, Area Representative

Since 2021 and continuing to date, Luz Dayana Estrada Medina has served as a Toro Taxes Area Representative for the Arlington, Texas and Fort Worth, Texas regions.

Ramon Edgardo Mendoza, Area Representative

Since 2021 and continuing to date, Ramon Edgardo Mendoza has served as a Toro Taxes Area Representative for the Houston, Texas region. From January 2017 to April 2022, Ramon was Owner of RL Solutions located in Texas.

Juan Antonio Villalobos, Area Representative

Since November 2021 and continuing to date, Juan Antonio Villalobos has served as a Toro Taxes Area Representative for the Union City, New Jersey region.

Liz Karine Serna, Area Representative

Since November 2021 and continuing to date, Liz Serna has served as a Toro Taxes Area Representative for the Houston, Texas region. Since 2009 and continuing to date, Liz Serna has served as President and Chief Executive Officer for RL Insurance Solutions.

Eugina Gomez, Area Representative

Since December 2021 and continuing to date, Eugina Gomez has served as a Toro Taxes Area Representative for a region in Ohio.

Maribel Estrada, Area Representative

Since December 2021 and continuing to date, Maribel Estrada has served as a Toro Taxes Area Representative for a region in Ohio.

Miladys Perez, Area Representative

Since January 2023 and continuing to date, Miladys Perez has served as a Toro Taxes Area Representative for a region in Ohio.

Mayra Perez, Area Representative

Since January 2022 and continuing to date, Mayra Perez has served as a Toro Taxes Area Representative for the San Jose, California region.

Darleen Areli Porras, Area Representative

Since February 2022 and continuing to date, Darleen Areli Porras has served as a Toro Taxes Area Representative for the Chicago, Illinois region.

Enrique Cardenas, Area Representative

Since February 2022 and continuing to date, Enrique Cardenas has served as a Toro Taxes Area Representative for the State of Arizona.

Blanca Estela Aguilar, Area Representative

Since September 2022 and continuing to date, Blanca Estela Aguilar has served as a Toro Taxes Area Representative for regions in Texas and Ohio. Since 2000 and continuing to date, Blanca Estela Aguilar has served as President and Chief Executive Officer for Oasis Tax and Translation Services. Since 2008 and continuing to date, Blanca Estela Aguilar has served as a State of Kentucky Certified Court Interpreter and Translator.

Duvan Montoya, Area Representative

Since April 2022 and continuing to date, Duvan Montoya has served as a Toro Taxes Area Representative for a region in Utah.

Jose Azua, Area Representative

Since April 2022 and continuing to date, Jose Azua has served as a Toro Taxes Area Representative for a region in Colorado.

Edgar D. Montalvo, Area Representative

Since August 2022 and continuing to date, Edgar D. Montalvo has served as a Toro Taxes Area Representative for a region in Texas.

Luz Angela Ocampo Santamaria, Area Representative

Since September 2022 and continuing to date, Luz Angela Ocampo Santamaria has served as a Toro Taxes Area Representative for a region in Minnesota. From 2019 to 2021, Luz Angela Ocampo Santamaria served as an Accounting manager for Cortec Global Services.

Manuel Salvador Rodriguez Navarrete, Area Representative

Since November 2022 and continuing to date, Manuel Salvador Rodriguez Navarrete has served as a Toro Taxes Area Representative for the San Antonio, Texas region.

Brayan Venzor Orona, Area Representative

Since November 2022 and continuing to date, Brayan Venzor Orona has served as a Toro Taxes Area Representative for the San Antonio, Texas region.

Pedro Ramirez Gracia, Area Representative

Since November 2022 and continuing to date, Pedro Ramirez Gracia has served as a Toro Taxes Area Representative for the San Antonio, Texas region.

Carlos Alberto Ramirez Gracia, Area Representative

Since November 2022 and continuing to date, Carlos Alberto Ramirez Gracia has served as a Toro Taxes Area Representative for the San Antonio, Texas region.

Sostenes Baez Castellanos, Area Representative

Since November 2023 and continuing to date, Sostenes Baez Castellanos has served as a Toro Taxes Area Representative for the Tampa, Florida, Myrtle Beach, South Carolina, and Raleigh, South Carolina regions.

Zuleika Romo, Area Representative

Since December 2023 and continuing to date, Zuleika Romo has served as a Toro Taxes Area Representative for the Orlando, FL region.

Pedro Pinilla, Area Representative

Since December 2023 and continuing to date, Pedro Pinilla has served as a Toro Taxes Area Representative for the Orlando, FL region.

Adriana Mercado, Area Representative

Since December 2023 and continuing to date, Adriana Mercado has served as a Toro Taxes Area Representative for the Orlando, FL region.

Walter Parraga, Area Representative

Since December 2023 and continuing to date, Walter Parraga has served as a Toro Taxes Area Representative for the Orlando, FL region.

Ricardo Peralta, Area Representative

Since September 2023 and continuing to date, Ricardo Peralta has served as a Toro Taxes Area Representative for the Houston, TX region.

ITEM 3
LITIGATION

Toro Franchisees v. Toro Tax Franchising, LLC. - American Arbitration Association proceeding commenced under case number 01-16-0003-5186 by six Colorado based franchisees seeking rescission of their Franchise Agreements and claiming damages against our predecessors Toro Tax Franchising, LLC. In this arbitration proceeding the claimant franchisees allege, that they were not provided with proper notice and disclosure of our franchise disclosure document. The claimant franchisees also allege that they were provided with false financial performance representations that induced them to enter into their Franchise Agreements and that these representations were not disclosed in the FDD and were untrue. We have denied the allegations of the claimants in this litigation without any side admitting any liability. The parties entered into a settlement agreement to dismiss the proceedings and terminate the respective Franchise Agreement without any admission of liability from either party. Our predecessor agreed to pay the plaintiffs \$126,000 in three equal installments, and the plaintiffs agreed to return all requested computer equipment. The parties entered into a mutual release of all claims and disputes, other than claims arising from the parties' failure to comply with the terms of the settlement agreement. The parties also agreed to a mutual non-disparagement and confidentiality covenant, including an agreement not to disclose the terms of the settlement and the plaintiffs' agreement not to knowingly communicate with System franchisees.

Commonwealth of Virginia, ex rel State Corporation Commission v. Javier Solis and Los Taxes, Inc - Case No Sec-2017-00026 - Javier Solis was named in a lawsuit regarding the Los Taxes, Inc. franchise system in which the Virginia Division discovered that the franchisor had offered and sold an unregistered franchise location in Arlington, Virginia, in 2013. Although, Mr. Solis and Los Taxes, Inc. neither admitted nor denied any allegations, they did consent to the Commissioner's Jurisdiction and authority to enter into a settlement. This matter was settled, and the case was dismissed. Solis and Los Taxes, Inc. paid \$3,000 in monetary penalties and \$500 for the cost of investigation to Treasurer of Virginia.

Other than these proceedings, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5

INITIAL FEES

Ten Unit Development

When you sign an Area Representative Agreement for a Ten Unit Development you will pay to us a non-refundable area representative territory fee in an amount of \$100,000 (the “Ten Unit Area Representative Territory Fee”). You may finance the Ten Unit Area Representative Territory Fee under the terms disclosed in Item 10 of this Disclosure Document wherein, you would be required to make an initial deposit towards your Ten Unit Area Representative Territory Fee of \$20,000 and finance the balance of \$80,000. The method we use to calculate the Ten Unit Area Representative Territory Fee is uniform for all Area Representative Agreements that we offer through this Disclosure Document, except that we offer the following discounts:

a) Immediate Payment Discount

If you pay the Ten Unit Area Representative Territory Fee in full upon executing the Area Representative Agreement or prior to the Discount End Date, we will discount your Ten Unit Area Representative Territory Fee to \$80,000. The discount must be requested at the time of signing the Area Representative Agreement or paid in full prior to the Discount End Date and represents a one-time discount applicable to only the Area Representative Territory Fee. This discount is subject to our approval of Area Representative entering into our franchise system. This discount cannot be combined with other discounts of the Ten Unit Area Representative Territory Fee. For purposes of this Disclosure Document, the term “Discount End Date” shall mean the later date of either (i) the opening of the applicable single unit franchisee Toro Taxes Business; or (ii) six months from the date the applicable single unit franchisee signs their Franchise Agreement for their Toro Taxes Business.

b) AR Owned Unit Discount

If you elect to also operate a single unit Toro Taxes Business during the term of your Area Representative Agreement (an “AR Owned Unit”) and you are the only owner of said AR Owned Unit, we may waive one initial franchise fee for every \$10,000 payment you have made towards the Ten Unit Area Representative Territory Fee. The AR Owned Unit(s) are to be developed and operated by you in your Area Representative Territory. To qualify for this discount, you must maintain majority ownership under your Franchise Agreement for your AR Owned Unit and not sell the additional AR Owned Unit for a minimum of two years. We do not offer Toro Taxes Business franchises under this Disclosure Document. Toro Taxes Business franchises are offered under our Unit FDD. The terms of the Franchise Agreement for your AR Owned Unit and other disclosures related to your AR Owned Unit is subject to our separate Unit FDD and not this Disclosure Document.

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ITEM 6
OTHER FEES

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
Local Advertising Expenditures	Minimum of \$1,000 per month	Monthly, as incurred by you and negotiated with local suppliers	You must provide us with a monthly accounting of these expenditures. Your advertising and marketing efforts must meet our standards and specifications and will be subject to our approval.
Insurance Premiums	Amount of premiums	Prior to opening	Prior to the commencement of the operations of the Franchised Business you must obtain the insurance coverage that we designate, and you must maintain this insurance coverage. You must pay and reimburse us if you fail to maintain the insurance coverage that we designate, and we elect to obtain the coverage for you.
Referral Fee	\$5,000	Upon receipt of the Initial Franchise Fee from the referred prospective franchisee	Periodically we may generate leads of prospective franchisees and refer them to you. This fee is payable to us when a prospective franchisee that we refer to you signs a Franchise Agreement and will be pre-deducted from your commission.
Transfer	\$25,000	Prior to the date of transfer	All transfers of the Area Representative Agreement are subject to our approval and require the transferee's satisfaction of our training requirements.
Additional Training: Management	Our then current fee. Currently our fee is \$1,500 per person per week plus expenses incurred	On demand	Applies to additional training for new managers, replacement managers and supplemental training programs.
Additional Training: Field Consultant	Our then current fee. Currently our fee is \$1,500 per person per week plus expenses incurred	On demand	Applies to additional training for new managers, replacement managers and supplemental training programs.
Renewal	\$25,000	On demand	If we approve renewal of your Area Representative Agreement, at the time of renewal, you will be required

TYPE OF FEE (Note 1)	AMOUNT	DUE DATE	REMARKS
			to sign our then current Area Representative Agreement and pay the renewal fee.
Interest Charges	The lesser of 18% per annum or the maximum legal rate allowable by the State in which your Franchised Business is located	On demand	Applies to past due payments of all fees, charges, interest and payments due to us from you. Interest begins to accrue on the date that any payment is due from you to us.
Review and Audit	Actual costs	On receipt of invoice	You must pay to us the costs that we incur in reviewing and auditing your records if the review and/or audit performed by us results in a finding that you failed to comply with the terms of your Area Representative Agreement. These fees include the actual costs that we incur including, fees for accountants, attorneys, administrative staff, travel, meals and lodging expenses.
Collection Costs and Attorney Fees	Amount incurred by us to collect unpaid fees and sums due from you to us	On demand	Includes fees and expenses incurred by us, including legal demands from mediation, arbitration, or litigation, related to your breach of the Area Representative Agreement, including attorney fees, deposition expenses, expert witness fees, accounting fees and filing fees.
NSF Check Fee of Failed Electronic Fund Transfer	5% of amount or \$50, whichever is greater, or maximum fee allowed by law	On demand	Applies to payment of fees or reimbursements due from you to us.
Non-Compliance	Amount of fees, costs and/or expenses that we incur in connection with the non-performance of your obligations under the Area Representative Agreement. Includes attorney fees	Within 14 days of our invoice	You must pay to us and reimburse us for all costs, fees and expenses that we incur as a result of or in connection with your breach of the Area Representative Agreement. This includes legal, mediation, and arbitration fees, expenses and costs that we incur and legal fees that we incur with outside legal counsel and costs associated with services and work performed by our own in-house legal staff.

Explanatory Notes to Item 6
“Other Fees”

Note 1: Commissions from Area Representative System Franchisee - We will collect payment for Royalty Fees and Initial Franchise Fees collected from system franchisees that enter into Franchise Agreements within your Area Representative Territory during the Initial Term of your Area Representative Agreement (“Area Representative System Franchisees”) and remit your commissions to you. Referral fees and other commissions payable to sales agents or brokers for transactions related to Area Representative System Franchisees will be deducted from any commission due to you.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is Made
Area Representative Territory Fee (Note 2)	\$20,000 – \$100,000	Lump sum	When you sign the Area Representative Agreement	Us
Prepaid Rent and Lease Deposits (Note 3)	\$1,000 – \$3,000	Lump sum	Varies	Third party landlord
Leasehold Improvements (Note 4)	\$1,000 – \$2,500	Lump sum	Varies	Third party
Furniture, Fixtures and Equipment (Note 5)	\$3,000 – \$4,000	Lump sum	Varies	Third party
Computer, Software and Point of Sales System (Note 6)	\$2,000 – \$4,000	As billed	As incurred	Approved Third party suppliers and vendors, subject to our specifications
Utility Deposits (Note 7)	\$100 – \$500	As billed	Before opening	Utility companies
Insurance Deposits and Premiums (Note 8)	\$500 – \$800	As billed	Varies	Insurance companies
Travel and Lodging for Initial Training (Note 9)	\$2,000 – \$5,000	As incurred	Before opening	Third party

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is Made
Professional Fees (Note 10)	\$5,000 – \$15,000	As billed	Before opening	Third parties, including attorneys, and accountants
Business Licenses and Permits (Note 11)	\$500 – \$1,000	Lump sum	Before opening	Government authorities
Printing, Stationery and Office Supplies (Note 12)	\$500 – \$1,500	As billed	Before opening	Third party
Build-out of a Latinx Training Center (Note 13)	\$10,000 – \$30,000	As incurred	Before opening	Us or approved third party suppliers and vendors, subject to our specifications.
Additional Funds – Initial Period of Three Months (Note 14)	\$10,000 – \$25,000	As incurred	Before opening	Utilities approved vendors, employees and other providers of services and/or goods necessary for the operation of your Franchised Business.
TOTAL ESTIMATE (Note 15)	\$55,600 – \$192,300 (Area Representative Agreement Only)			
TOTAL ESTIMATE (Note 16)	\$73,435 – \$271,450 (Area Representative Agreement Plus One AR Owned Unit)			

Explanatory Notes to Item 7
“Your Estimated Initial Investment”

Note 1: About Your Estimated Initial Investment – These are only estimates and your costs may vary depending on the scope and size of your Area Representative Territory, your area representative development obligations, whether you convert existing businesses into Toro Taxes Franchised Businesses and how many required items are owned by such existing businesses. These estimates relate, exclusively, to an area representative business and do relate to the establishment or opening of a Franchised Business. You should carefully review these estimates with your business, accounting and legal advisors before making any decision in signing an Area Representative Agreement. These estimates do not include interest and financing charges that you may incur and they do not include royalties, marketing development and other continuing fees that you will be required to pay to us. Payments are non-refundable unless otherwise noted. The total estimates are based on our experiences. Your costs may vary based on a number of factors including the scope and size of your Area Representative Territory. We recommend that you use these

categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area. Estimates related to the expenses that you will incur in establishing and opening a Business are separately disclosed in the Unit FDD.

Note 2: Area Representative Territory Fee – The number of Businesses that we may designate for potential development under an Area Representative Agreement is 10. The Ten Unit Area Representative Territory Fee is \$100,000 for potential establishment of 10 Businesses within the Area Representative Territory. We finance a portion of the initial fees. The low estimate assumes that you have signed an Area Representative Agreement for a Ten Unit Area Representative Territory pursuant to our offered financing as described in Item 10 of this Disclosure Document and that you are making a down payment of \$20,000.

Note 3: Prepaid Rent and Lease Deposit – You must lease or provide a suitable facility for the operations of your Area Representative Business. You must secure a facility of approximately 300 to 500 square feet of class “B” commercial office space or better. Your facility must be approved by us in writing. You may secure a larger facility, but it will increase your operating costs. You will be required to pay the landlord a security deposit that will be calculated based upon a number of months’ rent that the landlord requires to be held as security. The amount of your security deposit is something that you will negotiate directly with the landlord and will vary significantly based on a number of factors, including the desirability of your leased location and your own negotiations. This estimate does not include the purchase of real property should you elect to purchase the facility for the Franchised Business.

Note 4: Leasehold Improvements – This estimate is for the cost to build-out of an office for the operation of the Franchised Business. We have based our estimates on the assumption that the typical square footage for an office facility will range from 300 to 500 square feet and that the office facility will already be in a suitable condition for your office facility and will require only minor leasehold improvements.

Note 5: Furniture, Fixtures and Equipment – You will be required to purchase certain types of furniture, fixtures and equipment for the Franchised Business. Among other things, you will be required to purchase office furniture, and interior sign. The costs for furniture and fixtures may differ depending on the material quality and on other factors.

Note 6: Computer, Software and Point of Sales System – You will be required to purchase a notebook computer for the operations of the Franchised Business. You may be required to use certain software or CRM system as part of your Franchised Business. Additional information about the POS and computer systems are disclosed in Item 11 of this Disclosure Document

Note 7: Utility Deposits – To secure the appropriate utilities required for the operation of the office facility for the Franchised Business, including gas, electric, water, sewer and internet access, you will be required to pay upfront deposits to each applicable utility company.

Note 8: Insurance Deposits and Premiums – You are required to maintain certain insurance respecting the operations of the Franchised Business. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. The cost of your insurance coverage will be based on factors outside of our control. The amount charged for insurance coverage may be significantly more or less than our estimate. This estimate is for the cost of an initial deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based on the area in which your Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. We recommend that you consult with your insurance agent before signing an Area Representative Agreement.

Note 9: Travel and Lodging – Prior to opening and commencing the operations of the Franchised Business you must complete our pre-opening training program. This estimate is for the cost for you or your Managing Owner and one designated manager (two individuals in total) to attend the initial training program held in Las Vegas, Nevada. We do not charge tuition for training fee for you or your designated Managing Owner and one of your designated managers. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). The duration of the training program is 92 hours over a period of 11 to 14 days. This estimate does not include the cost of labor.

Note 10: Professional Fees – These estimates are for costs associated with the engagement of professionals such as attorneys and accountants representation and advice consistent with the start-up of the Franchised Business. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this Disclosure Document, and the Area Representative Agreement. It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of the Franchised Business.

Note 11: Business Licenses and Permits – You must apply for, obtain and maintain all required permits and licenses necessary to operate the Franchised Business. The licenses will vary depending on local, municipal, county and state regulations. All licensing fees are paid directly to the governmental authorities when incurred, and are due prior to opening the Franchised Business.

Note 12: Printing, Stationery and Office Supplies – This figure is primarily for printing a start-up order of stationery and business cards bearing the Licensed Marks and a supply of office materials.

Note 13: Build Out of a Latinx Entrepreneur Training Center – We require you to develop and continuously build out, furnish and maintain a Latinx Entrepreneur Training Center for conducting educational courses for Latinx Tax Professionals that will be annexed to the first Toro Taxes Business to be developed and operated by you in your Area Representative Territory. Generally, if you operate an AR Owned Unit, you will located your Latinx Entrepreneur Training Center at the AR Owned Unit's premises.

Note 14: Additional Funds – You will need additional capital to support on-going businesses expenses, including business expenses such as payroll, inventory, marketing, and additional costs and expenses associated with the Latinx Training Center. This estimate is only to cover on-going expenses during the initial start-up phase of the Franchised Business comprised of the first three months following the opening of the Franchised Business. This is only an estimate. We have relied on the experiences of our affiliate in making this estimate.

Note 15: Total: Area Representative Agreement Only – This is an estimate for an Area Representative Agreement only and does not include other costs and expenses that you will incur in developing a Business under the terms of an Area Representative Agreement and subject to the disclosures contained in the Unit FDD. We recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area. Estimates related to the expenses that you will incur in establishing and opening a Business are separately disclosed in the Unit FDD.

Note 16: Total: Area Representative Agreement Plus One AR Owned Unit – As an area representative and subject to the terms of your Area Representative Agreement, we permit you to operate one single unit AR Owned Unit within your Area Representative Territory and subject to the terms of a Franchise Agreement that is disclosed separately, pursuant to our Unit FDD. The estimated initial expenses for developing and operating your AR Owned Unit are separately disclosed in Item 7 of the Unit FDD which is separate from this Disclosure Document. The Item 7 estimated initial investment for a single Business under the Unit FDD is \$17,835 to \$79,150. Estimates related to the expenses that you will incur in establishing and opening

a Development Business are separately disclosed in the Unit FDD which must be separately reviewed from this Disclosure Document.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that our standards and specifications of quality, service and System development are maintained, you must operate the Franchised Business in strict conformity with the Area Representative Agreement and the methods, standards, specifications and sources of supply that we designate and prescribe in our manuals.

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain source restricted goods and services for the development and operation of the Franchised Business. Source restricted goods and services are goods and services that must meet our specifications and/or must be purchased from an approved or designated supplier. We may designate a supplier (which may include us or our affiliates) as the exclusive supplier for your Franchised Business. Our specifications and list of approved and designated products, supplies and suppliers is contained in our manuals. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments and updates to our manuals, verbal and other forms of communication. If we have previously approved a supplier, and their standards fall below our designated standards, we will revoke our approval. We will notify you in writing of us revoking our approval. We formulate and modify our standards and specifications for products and services based on our industry experience and our management decisions as to the overall operation and expansion of the System.

Suppliers and Supplier Criteria

We may designate ourselves and our affiliates as exclusive suppliers of source restricted goods and services. We may designate ourselves or a third party as exclusive supplier irrespective of the existence of competing suppliers. If there is no designated supplier for a particular item, you will purchase all products, supplies and services from suppliers who meet our specifications and standards. Currently, neither us nor our affiliates are approved suppliers of the source restricted goods and services identified below. Currently no officer of ours owns an interest in any of our designated suppliers.

If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information that we may request. We may charge you a supplier review and testing fee and we may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. We may also require, subject to our discretion, that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within a reasonable time (not to exceed 60 days) after we receive your written request for approval and all additional information and samples that we may request. We may, in our discretion, withhold our approval. When evaluating the approval of a particular supplier, among other things, we consider: whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements, the suppliers quality control, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the suppliers approval, in our sole determination, will allow us to advance the overall interests of the System.

We estimate that your purchase of goods and services from suppliers according to our specifications, including your purchase of goods or services from our designated exclusive suppliers, to represent approximately 50% of your total purchases and leases in establishing the Franchised Business and approximately 20% of the on-going operating expenses of your Franchised Business.

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: Furniture and Fixtures; Signage; Computer Equipment; Branded Items and Marketing Materials; and Insurance.

1. Furniture and Fixtures – The office facility for your Franchised Business must be equipped with branded and unbranded furniture and fixtures that we designate and that meet our standards and specifications. You may purchase unbranded furniture and fixtures from any supplier of your choosing, provided that the furniture and fixtures meet our specifications and standards, which may also include specified manufacturers and brands. If the furniture and fixtures that we designate are specified to be branded with the Licensed Marks, then you may only purchase them from our designated exclusive suppliers.

2. Signage – The signage for your Franchised Business and Latinx Training Center must meet our standards and specifications and must be purchased from our designated suppliers. Currently, our preferred supplier is Signs Unlimited.

3. Point of Sale, Computer Equipment and Software – Currently you are required to purchase a new notebook computer. We have the right to designate any point of sale system, customer management relationship system, or other software program or software-as-a-service offering. You must exclusively utilize our designated provider(s) of accounting, bookkeeping, and business services software.

4. Branded Items and Marketing Materials – All materials bearing the Licensed Marks (including, but not limited to, stationary, business cards, brochures, apparel, signs and displays) must meet our standards and specifications and must be purchased from either us directly or our designated suppliers. All of your marketing materials must comply with our standards and specifications and must be approved by us before you use them. You may market the Franchised Business (including potential Business franchise opportunities within your Area Representative Territory) through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you exclusively use, at your cost, our designated supplier for social and digital media marketing services and exclusively use, at your cost, our social media platforms, vendors and marketing channels.

5. Insurance – You must obtain the insurance coverage that we require from time to time as presently disclosed in the Manuals and as we may modify. All insurance policies required under your Area Representative Agreement and as set forth in the Area Representative Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written notice in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to use at the earlier of 90 days after the Effective Date of the Area Representative Agreement or prior to the commencement of our initial training program.

Insurance coverage must be at least as comprehensive as the minimum requirements identified in the chart below (Area Representative Agreement, Section 12.9). You must consult your carrier representative to determine the level of coverage necessary for the Franchised Business. Higher exposures may require higher limits.

Insurance Requirements

- a) Coverage against direct physical loss or damage to real and personal property, including improvements and betterments, for all-risk perils, including flood and earthquake, if the relevant

property is situated in a flood or earthquake zone, equal to at least 90% of the full insurable value of the facility for the Franchised Business;

b) Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least \$1,000,000 per occurrence and \$1,000,000 in the aggregate;

c) Statutory workers' compensation insurance and employers' liability insurance as required by the law of the state in which your Business is located, including statutory workers' compensation limits and employers' liability limits of at least \$1,000,000;

d) Business automobile insurance (including liability insurance coverage for non-owned automobiles) with a combined single bodily injury and property damage limit of at least \$1,000,000 per occurrence;

e) Commercial umbrella liability insurance with total liability limit of at least \$1,000,000;

f) Employment practices liability insurance with a limit of at least \$2,000,000; and

g) All other insurance that we require in our manual or that is required by law or by the lease or sublease for your Business.

Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the Businesses under the System and, in doing so, we may limit the number of approved vendors and/or suppliers that you may purchase from, and we may designate one vendor as your sole supplier. Presently there are no purchase or supply agreements in effect for source restricted products or services and there are no purchasing or distribution cooperatives that you must join. Other than this agreement, you will not receive any material benefits for using designated or approved suppliers.

Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases

We and/or our affiliates may receive rebates, payments and other material benefits from suppliers based on area representative purchases and we reserve the right to institute and expand rebate programs in the future. Currently, we have not received revenue from suppliers of area representative purchases of source restricted products or services. During the fiscal year ending December 31, 2023, we did not earn any revenue from approved suppliers based on our area representatives' purchases. In 2023, our predecessors Toro Taxes Franchising, LLC and Los Taxes Franchise Corp. did not receive any revenue from area representatives purchases.

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ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section(s) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not applicable	Items 7 and 11
b. Pre-opening purchases and leases	1, 2.3, and 3	Items 7 and 8
c. Site development and other pre-opening requirements	Not applicable	Items 6, 7 and 11
d. Initial and ongoing training	1 and 6	Item 11
e. Opening	1, 2.3, 3.1, 3.2, 3.3, and 3.4	Item 11
f. Fees	1, 4.2, 5, 10.3, and 11.1	Items 5, 6 and 7
g. Compliance with standards and policies/manual	1, 2.5, 5, 6.5, 8 and 9	Items 8 and 11
h. Trademarks and proprietary information	1, 7, and 8	Items 13 and 14
i. Restrictions on products and services offered	1, 2.1, 3.3, 3.5, 3.6, 3.7, 3.11, 3.12, 6, 9.1, 9.2, and 11.3	Items 8, 11 and 16
j. Warranty and customer service requirements	Not applicable	Item 16
k. Territorial development and sales quotas	1, 4.1, 4.2, 4.3, 4.4, and Schedule 2	Item 12
l. Ongoing product and service purchases	Not applicable	Item 8
m. Maintenance, appearance and remodeling requirements	Not applicable	Items 7 and 17
n. Insurance	1, and 9.8	Items 7 and 8
o. Advertising	1, 3.5, 3.6, 3.10, and 3.12	Items 6 and 11
p. Indemnification	1 and 14.25	Item 6
q. Owner's participation, management, staffing	1, 9.6 and 10.4	Items 11 and 15
r. Records and reports	1, 9.10 and 9.11	Item 6
s. Inspections and Audits	1 and 9.13	Items 6 and 11
t. Transfer	1 and 10	Item 17
u. Renewal	1 and 11	Item 17
v. Post-termination obligations	1, 7.1, 7.2, 7.3, 7.5, 7.6, 7.7, 7.8, and 13	Item 17
w. Non-competition covenants	1, 7.1, 7.2, 7.3, 7.5, 7.6, 7.7, 7.8, 13.2 and 13.3	Item 17
x. Dispute resolution	1 and 14	Item 17
y. Other: Individual guarantee of Area Representative obligations	Exhibits 1 and 2	Item 9

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ITEM 10

FINANCING

We may offer direct financing, but neither we nor our affiliates are obligated to provide any funding to you. At this time, we and our affiliate are the only potential lenders under the direct financing agreement. We reserve the right to form or designate additional affiliates as potential lenders in the future. We may in the future also provide indirect financing through third parties and receive referral fees from these third party providers. The terms of your financing with third parties will vary. If you request indirect financing, we may receive a referral fee from the third party financing provider. We do not guarantee your note, lease or obligation.

We will provide a promissory note for the amount financed and any financing charges (a “Note”) that you, or, if you are a Corporate Entity, each of your members, shareholders and partners and each of these parties’ spouses must sign if we agree to offer you direct financing on your Area Representative Territory Fee. You are required to return an original signed copy of the Note to us. We have the right to assign your Note to a third party. Additionally, if you enter into a Note with us for a new Area Representative Business, we require that you open the Franchised Business within three months of your receipt of the funding provided under the Note.

The financing we currently offered is described in the tables below:

Finance Type	Direct – Ten Unit Area Representative Territory Fee Financing	Indirect
Amount Financed	\$80,000	As agreed
Down Payment	\$20,000	As agreed
Term	5 years	As agreed
Interest	12.9% APR	As agreed
Payment Amount	\$860.00 (the “Monthly Payment”)	As agreed
Payment Terms	The following amounts will be withheld from your remittance payment 60 months with 59 Monthly Payments and one lump sum payment of \$80,000 due in the 60th month No penalty for prepayment.	As agreed
Security Required	Personal Guaranty; Security Interest, Security Agreement and UCC-1	As agreed
Liability Upon Default	Loss of franchise and other remedies available to us under the Area Representative Agreement, Franchise Agreement, Security Agreement and Note	As agreed
Loss of Legal Rights on Default	Waive various notices, rights and defenses; confess judgment	As agreed
Referral Fee	N/A	Yes

If you fail to repay your loan, we have the right to terminate your franchise and acquire the rights to operate your Franchise Business directly. We may offer financing to new and existing franchisees who wish to expand with additional outlets. Any payments under the notes are non-refundable. You must enter into the Financing Addendum and the Note at the time you execute the Area Representative Agreement in order to qualify for our financing program. A copy of the Financing Addendum and Note is attached as Exhibit 4 of the Area Representative Agreement.

You must sign a security agreement for all the Franchised Business' assets, including after acquired property. We will file a UCC-1 financing statement with the appropriate governmental authority. (See Exhibit 5 to the Area Representative Agreement). We have the right to require additional forms of security.

Under every Note, you waive various notices, rights, and defenses, including your rights to diligence, demand, presentment for payment, notice of nonpayment and protest, and notice of amendments or modifications. You also waive any defense under the statute of limitations and allow that a confessed judgment may be taken against you. Except as disclosed above, we do not offer financing that requires you to waive notice, confess judgment or waive a defense against us or the lender, although you may lose your defenses against us and others in a collection action on a Note that is sold or discounted. We have no plans to sell or assign any Note from you or any other franchisee to a third party; however, we have the right to do so in the future. Upon any sales or assignment, we will not remain primarily obligated to provide the financial goods or services.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations

1. Grant of Area Representative Rights – We will grant to you the right to operate the Franchised Business within a designated area representative territory. (Area Representative Agreement, Sections 1 and 2);
2. Designate Area Representative Territory – We will define the Area Representative Territory for your Franchised Business and include the geographic boundaries and/or a description of your Area Representative Territory within the Attachments to the Area Representative Agreement. (Area Representative Agreement, Sections 1, 2 and Schedule 1);
3. Access to Business Franchise Disclosure Document – We will provide you with access to our current Unit FDD if you elect to operate an AR Owned Unit. (Area Representative Agreement, Sections 1 and 3.11);
4. Manuals – We will loan you a copy of our confidential and proprietary manuals. You must operate the Franchised Business in accordance with the manuals and all applicable laws, rules and regulations. At all times, we reserve the right to supplement, modify and update the manuals (Area Representative Agreement, Sections 1 and 6.5). Currently, the operations manual consists of 41 pages and the table of contents to the operations manual is attached as Exhibit C to this Disclosure Document. The major subjects contained in the operations manual consists of establishing, developing, marketing and operating the Franchised Business;
5. Approved Suppliers and Distributors – We will provide you with a list of our approved suppliers and distributors (to the extent that we have designated them), either as part of our manuals or otherwise in writing. (Area Representative Agreement, Sections 1 and 6.5);

6. Signs, Equipment, Furniture, and Fixtures – We will provide you with a list of our approved signage, equipment, furniture and fixtures (to the extent that we have designated them), either as part of our manuals or otherwise in writing. (Area Representative Agreement, Sections 1 and 6);

7. Website and Digital Media – We will identify you on our website to the extent that our website includes specific franchise sales information as to those geographic territories that are directly located within your Area Representative Territory. You may not utilize any websites, web based media or digital media unless expressly approved by us in writing. We strictly control how you may or may not use websites and digital media and you must assign all website media and digital media accounts to us. (Area Representative Agreement, Sections 1 and 6);

8. Initial Training – Not less than 45 days prior to commencing the operations of the Franchised Business you or your Managing Owner must attend and complete our initial training program. We will provide you (and up to one of your designated managers) with training in accordance with our initial training program. (Area Representative Agreement, Sections 1 and 6.1). Our current training program is to be attended by you, or if you are a Corporate Entity, your Managing Owner over an approximate 11 to 14 day period at our training facility located in Las Vegas, Nevada. The training program is further described below in this Item 11 in more detail; and

9. Annual System Conference – We may, in our sole discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. You are required to attend any annual conference. You will be responsible for all travel and accommodation expenses associated with your attendance at the conference.

Site Selection

Although you are responsible for selecting a site for the office and the Latinx Entrepreneur Training Center of your Franchised Business (if you do not operate your Latinx Entrepreneur Training Center from an AR Owned Unit's location), you must obtain our approval of your office location. Generally, we do not own or lease the real property that will serve as your office location and you are responsible for all costs and expenses in locating and evaluating proposed sites for your office location. Before you enter into a lease or other agreement for your office location you must obtain our approval. We will provide you with site selection guidelines. Although there is no specified time limit for us to review the proposed site for your office location, we will do so within a reasonable time period, not exceeding 30 days of our receipt of your written request for our review of a proposed site and your submission to us of the information and documentation that we may request concerning the proposed site. In determining whether to approve or disapprove a proposed site for your office location, factors that we take into consideration include: (a) characteristics of the proposed site; and (b) the location of your proposed site relative to your Area Representative Territory. If we do not approve your location within twelve months, we can terminate the Area Representative Agreement.

You must secure an office location and lease that we approve prior to opening and commencing the day-to-day operations of the Franchised Business. (Area Representative Agreement, Sections 1 and 3.1).

Time to Open

You may not open or commence the operations of the Franchised Business until you have completed our initial training requirements, obtained the necessary licensing and authorization from state and regulatory agencies within your Area Representative Territory including, if applicable, registration of the Unit FDD, filing of the Unit FDD, and all appropriate waivers and/or requirements related to the sale of franchises and/or business opportunities within your Area Representative Territory and any other state that maintains jurisdiction related to the operations of the Franchised Business. You must open and commence the

operations of the Franchised Business not later than nine months from the date of signing your Area Representative Agreement (Area Representative Agreement, Sections 1 and 3.2).

We estimate that the length of time between the signing of your Area Representative Agreement and opening the Franchised Business to be approximately four months to nine months. Factors that may affect this estimated time period include: (a) length of time undertaken by you to complete our initial training program to our satisfaction; (b) negotiating and obtaining a suitable lease for your Franchised Business that is approved by us; (c) obtain third party lender financing, if necessary; and (d) obtaining the necessary licenses for the operation of the Franchised Business. You must open the Franchised Business within nine months from the date of signing your Area Representative Agreement, otherwise we may terminate your Area Representative Agreement without refunding any fees to you. Additionally, you must open your Toro Taxes Business within 120 days from the date of signing your Area Representative Agreement, otherwise we may terminate your Area Representative Agreement without refunding any fees to you.

Post-Opening Obligations

1. Communications – We will make available a telephone line and/or email account which you may use to communicate with us during normal business hours. (Area Representative Agreement, Section 7.4);

2. Refresher Training – We may provide refresher training programs or seminars including national and regional meetings. (Area Representative Agreement, Section 7.4);

3. Consultations and Communications of Operating Standards – We may establish, update and provide you with consultations and communications as to the standards, procedures and system requirements as to the operation of the Franchised Business including, but not limited to, marketing and promotion standards, and as we may, in our discretion, designate, modify, supplement and amend from time to time and, as set forth in the manuals which we may, in our discretion, modify from time to time. We may visit the Area Representative Territory for the purposes of consultation, assistance, and guidance in various aspects of the operation and management of the Franchised Business. (Area Representative Agreement, Sections 1 and 6);

4. Access to Business Franchise Disclosure Document and Sales Materials – We will provide you with access to our then current Unit FDD and to our approved franchise sales materials and media. (Area Representative Agreement, Sections 1 and 6.4). You must ensure that the Unit FDD is current and in compliance with all laws, rules and regulations within your Area Representative Territory, including all FDD disclosure, registration, filing and franchise sales requirements. (Area Representative Agreement, Sections 1 and 6.4);

5. Payment of Fees and Administration of Rebate Programs Under the Area Representative Agreement – During the initial term of the Area Representative Agreement and, for so long as you are in compliance with the terms and conditions of the Area Representative Agreement, we pay you commissions on the net initial franchise fees and royalty fees that we receive from Area Representative System Franchisees with Businesses located in or to be developed in, as applicable, your Area Representative Territory but not including Businesses owned or operated by you or your affiliates or Businesses developed before or after the initial term of your Area Representative Agreement. Each payment will be paid to you in accordance with our normal payment schedule after our receipt of the applicable funds from the respective Area Representative System Franchisees. In the event you have an outstanding balance relating to the financing of your Area Representative Business, we may apply all commissions owed to us to your outstanding balance;

6. Marketing Standards and Approval – We may establish, update and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, the marketing materials and mediums that you may utilize. We will respond to your request respecting the communication of our approval or disapproval of marketing materials and mediums that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to the marketing standards and the marketing materials and media that you may use in the marketing and promotion of the Franchised Business (Area Representative Agreement, Sections 1, 6.4 and 9.9);

7. Approved Vendors – We will provide the names and addresses of approved vendors and suppliers for the System and that you must utilize in the operations of the Franchised Business. (Area Representative Agreement, Sections 1 and 6.4); and

8. Hiring and Training of Employees – We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees. For the protection of the System you must ensure that all employees wear and maintain the proper uniforms with our approved system branded apparel and uniforms in accordance with our system standards and manuals.

Advertising

1. Generally – All advertising, marketing, marketing materials and all marketing mediums used by you in the marketing and promotion of the Franchised Business and the promotion and sale of Business franchises must be pre-approved by us in writing and conform to our standards and specifications. You may only utilize those advertising and marketing materials and mediums that we designate and approve in writing. In our discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy and digital media that you may utilize at your own expense. If you wish to utilize marketing materials and/or marketing mediums that are not currently approved by us in writing, you may submit a written request requesting permission and we will approve or disapprove of your request within 15 days of your submission of the written request and sample marketing materials. We are not required to spend any amount on your behalf on advertising in your Designated Territory. (Area Representative Agreement, Sections 1, 3.10, 3.12 and 9.9); and

2. Local Marketing – You are not authorized to engage in any marketing (including, but not limited to, all public relations, promotions, local marketing, digital media and web based marketing) unless we pre-approve such marketing (Area Representative Agreement, Sections 1, 3.12 and 9.9). You are required to engage in local marketing and you are required to commit and spend an amount equal to no less than \$1,000 per month on your local marketing efforts. We will review your local marketing programs and notify you if we approve same. We will make available to you and provide you with access to our approved brochures, displays, presentations and marketing campaigns (in the form of a source document) that you may utilize. In those instances where we provide you with access to our marketing campaigns, we provide you with the source designs and design specifications. However, you will incur the direct costs associated with duplicating and utilizing such marketing campaigns and in having such campaigns printed, distributed and/or placed with media sources. All digital media and marketing must be approved by us. (Area Representative Agreement, Sections 1, 3.12 and 9.9).

Computer System

You must utilize the computer systems; point of sale systems and business management systems that we specify and designate. Currently, you are required to purchase and use a new notebook computer that maintains internet access. Currently we have not designated and do not require that you use a point of sale system or customer relationship management system but we may require that you do so in the future. The cost of the computer system that you will be required to purchase varies depending on the vendor and

manufacturer and is estimated to cost between being \$2,000 to \$4,000. You are obligated to install the software upgrades and patches as provided by the manufacturer of the computer and point of sale system. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. Your estimated costs for the maintenance, repair and updates for the computer and point of sale systems is \$1,500 per year. There are no contractual limitations on the frequency or cost of this obligation. We will not have independent access to the information and data that is electronically collected and stored on your computer system but if we implement a point of sale system or customer relationship management system we will have and maintain direct independent access to the information that you store in such systems.

Initial Training

We will provide initial training for you or, if you are a Corporate Entity, your Managing Owner. Either you or your Managing Owner must successfully complete the initial training program to our satisfaction prior to commencing the operations and opening the Franchised Business. The initial training program takes place over an approximate 11 to 14 day period. Although we provide you or, if you are a Corporate Entity, your Managing Owner, with initial training at no additional fee or charge, you will be responsible for all travel, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance and participation in our initial training program and the attendance and participation in our initial training program. (Area Representative Agreement, Sections 1 and 3.4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

TRAINING PROGRAM

The following chart summarizes the subjects covered in our initial training program:

Individual Unit Training

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Initial Training			
Toro Taxes Business with Business Division			
Franchise Operations	10	0	Online
Tax Return Preparation	40	0	Las Vegas, NV or Online
Initial Training			
Area Representative Training			
Area Representative Sales	4	0	Las Vegas, NV or Online
Area Representative Support	4	0	Las Vegas, NV or Online
Total Hours:	58		

Instructional materials that will be utilized in the initial training process includes our manuals. All training will be conducted under the direction and supervision of our co-founder, Chief Operating Officer and Education Director, Oscar Toro. Oscar Toro has over 13 years of experience in all phases of operating a tax preparation business.

After the opening of the Franchised Business, we reserve the right to require that you or, if you are a Corporate Entity, your Managing Owner attend a system-wide training programs (the “System-Wide Training Program”) that we may establish in our discretion. If we establish a System-Wide Training Programs, the program will be offered from our affiliate owned Business in Las Vegas, Nevada and you will be responsible for all travel, lodging, food, automobile rental expenses, and employee wages that you incur in connection with your attendance. We will not require your attendance at a System-Wide Training Programs for more than a total of five days in any calendar year.

ITEM 12 **TERRITORY**

Under the Area Representative Agreement, we will grant to you, subject to our Reserved Rights as discussed below in this Item 12, the right to operate the Franchised Business within a Designated Territory (the “Area Representative Territory”). The area that we designate as your Area Representative Territory will be determined by us. There is no minimum Area Representative Territory size. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Area Representative Territory may be identified and delineated by us by zip codes, counties, states, or a map. The specific scope and size of your Area Representative Territory will depend on population demographics and, the number of Businesses that we believe may be potentially developed within the Area Representative Territory. At the time of signing your Area Representative Agreement we will mutually agree on the identification of your Area Representative Territory and the number of Businesses that must be sold, developed, operated and supported by you within your Area Representative Territory. Depending on our agreement at the time of signing the Area Representative Agreement, the number of Businesses that must be sold, developed, supported and operated within the Area Representative Territory, depending on the territory, will be either 5 or 12 Businesses. During the term of your Area Representative Agreement, provided that you are in compliance with the terms of the Area Representative Agreement, subject only to our Reserved Rights, we will not grant area representative rights to any other person for any portion of your Area Representative Territory.

The continuation of your Area Representative Territory is dependent on the achievement of a certain sales volume, market penetration or any other contingencies in addition to your continued compliance with and satisfaction of the terms and conditions of your Area Representative Agreement. To retain the rights of your Franchised Business and your rights in and to your Area Representative Territory, as to each and every year and development period set forth in your Area Representative Agreement, you must satisfy a development quota (the “Development Quota”) as to the total number of Franchise Agreements signed with Businesses designated within and to be located within the Area Representative Territory and, the number of Businesses located within your Area Representative Territory that are developed, open, and operating in conformity with the requirements of our System. Your Development Quota will be determined and agreed to by both of us at the time of signing the Area Representative Agreement (Area Representative Agreement, Sections 1, 4.1, and Schedule 2). Your failure to comply with the Development Quota is a material violation of your Area Representative Agreement. You cannot sign any Franchise Agreements on our behalf. We maintain sole discretion as to whether or not we approve of a prospective franchisee and whether or not we elect to enter into a Franchise Agreement with the prospective franchisee. Development Quotas are not and should not be considered financial performance representations for the Franchised Business. We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of Franchised Business. Actual results vary from one Franchised Business to another, and we cannot estimate the results of your Franchised Business.

We cannot alter the size of your Area Representative Territory without your written consent. We will not shrink the size of your Area Representative Territory if the population within your Area Representative Territory increases during the term of your Area Representative Agreement. We will not increase the size of your Area Representative Territory if the population within your Area Representative Territory decreases during the term of your Area Representative Agreement. The Area Representative Agreement does not grant any options, rights of first refusal or similar rights to you for the acquisition of additional franchises within your Area Representative Territory or contiguous areas. You may face competition from other area representatives, and our own franchise sales efforts.

There are no territorial restrictions from accepting business from prospective franchisees located outside of your Area Representative Territory but interested in purchasing a Business Franchise to be located within your Area Representative Territory. However, you may not use alternative channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Area Representative Territory. We reserve the right to disapprove of any marketing medium that reaches outside of your Area Representative Territory.

Reserved Rights

As to the rights granted to you under the Area Representative Agreement we and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable and, without any compensation or consideration to you (Area Representative Agreement, [Section 2.4](#)), to engage in the following activities (our “Reserved Rights”): (a) operate and grant to others the right to develop and operate Businesses and/or Franchised Businesses using the System and Licensed Marks at locations outside your Area Representative Territory, as we deem appropriate and irrespective of the proximity to your Area Representative Territory; (b) acquire, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services and/or franchises that are the same as, or similar to, the Franchised Business and/or Businesses, and after such acquisition, merger or affiliation to own and operate and to franchise, or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services and/or franchises that are the same as or similar to the Franchised Business and/or the Businesses (but not utilizing the Licensed Marks) within your Area Representative Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services and/or franchises that are the same as, or similar to, the Franchised Business and/or Businesses, even if such business or businesses presently or, in the future, own and operate and franchise or license others to own and operate businesses that offer and sell products and services and/or franchises that are the same as or similar to the Franchised Business and/or the Businesses (but not utilizing the Licensed Marks) within your Area Representative Territory and, if applicable, your Development Territory; (d) use the Licensed Marks and System to distribute the Approved Products and Services and/or franchises offered and sold by the Franchised Business and/or Businesses, or products and services and/or franchises similar to the Approved Products and Services and/or franchises offered and sold by the Franchised Business and/or Businesses in alternative channels of distribution (including directly or indirectly through national media, internet, third party brokers, franchise sales companies, in-house commissioned salespersons and/or lead generation services) within or outside your Area Representative Territory; (e) operate, and grant to others the right to own and operate limited service and/or seasonal Toro Taxes kiosks located in third party businesses both within and outside your Area Representative Territory; and (f) use the Licensed Marks and System and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Area Representative Agreement.

Additional Disclosures

The Area Representative Agreement does not grant you any right to share in the proceeds received by us, our affiliates or any third party from the activities outlined in the preceding paragraph as to our Reserved Rights including, soliciting or conducting business under our Reserved Rights within your Area Representative Territory. Because of our Reserved Rights, the Area Representative Territory that you are granted under an Area Representative Agreement is not exclusive. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We cannot alter the size of your Area Representative Territory without your written agreement.

Your right to relocate your Area Representative Territory is not guaranteed and is at our discretion. In evaluating your relocation request we will evaluate your compliance with your Area Representative Agreement, your prior operational history, your Development Quota, the number of Businesses developed

or in development within your Area Representative Territory, and other factors that, at the time of your request, are relevant to us.

We do not have plans to operate or franchise a business under trademarks different from the Licensed Marks that sells or will sell goods or services similar to those that will be offered by you through the Franchised Business.

ITEM 13

TRADEMARKS

Under the terms of the Area Representative Agreement, you will be granted a license to utilize the “Toro Taxes” trademark and those other marks. We reserve the right to supplement and modify the marks that you may or may not use in connection with the operations of the Franchised Business. You may only use the Licensed Marks in the manner authorized by us in writing and pursuant to the terms of the Area Representative Agreement. You may not use the Licensed Marks in connection with the name of your corporation or other Corporate Entity that you may establish in connection with the operations of your Franchised Business.

Principal Trademarks Registered with the United States Patent and Trademark Office

The following principal Marks are registered on the Principal Register of the United States Patent and Trademark Office. As to each of these marks the appropriate affidavits have been filed with the United States Patent and Trademark Office (“USPTO”). We intend to file a renewal for all applicable registrations at the times required by law.

Mark	USPTO Registration Number	Registration Type	Registration Date
TORO taxes	4738068	Principal	May 19, 2015
	4780534	Principal	July 28, 2015

There are no currently effective material determinations of the USPTO, the Trademark and Appeal Board, the trademark administrator in any state or any court, no pending infringement, opposition or cancellation proceedings; and no pending litigation involving the Marks. There are no agreements currently in effect which limit our right to use or license others to use the Licensed Marks.

We know of no superior rights or infringing uses that could materially affect your use of the Marks or other related rights in any state.

You are required to provide us with written notice as to any claims that you may become aware of respecting the Licensed Marks including, but not limited to, your use of the Licensed Marks and/or a claim associated with a third party’s use of a trademark that is identical or confusingly similar to the Licensed Marks that we have licensed to you. We maintain the exclusive discretion to take any and all actions or, to refrain from any action, that we believe to be appropriate in response to any trademark infringement, challenge or claim. We possess the sole right to exclusively control any and all litigation, legal proceedings, administrative proceedings and/or settlement(s) respecting any actual or alleged infringement, challenge or claim relating to the Licensed Marks. You must sign all documents, instruments and agreements and undertake the actions that we, with the advice of our legal counsel, determine to be necessary or advisable respecting the

protection and/or maintenance of our interests in the Licensed Marks in any legal proceeding, administrative proceeding or as may be otherwise determined by us. As to the foregoing, we will reimburse you for the reasonable out-of-pocket administrative expenses that you incur and pay in complying with our written instructions.

We will protect your right to use the Licensed Marks and other related rights and to protect you against claims of infringement and unfair competition related to the Licensed Marks, provided that your use of the Licensed Marks is in accordance with the Area Representative Agreement, the Manuals, and is consistent with our instructions and the license granted to you. We will indemnify you against direct damages for trademark infringement in a proceeding arising out of your use of the Licensed Marks, provided your use of the Licensed Marks comply with the terms of your Area Representative Agreement, the Manuals, our written instructions to you and, you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim, and you are in compliance with your Area Representative Agreement and, if applicable, Development Agreement. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney that you retain.

If any third party establishes, to our satisfaction and in our discretion that its rights to the Licensed Marks are, for any legal reason, superior to any of our rights or of a nature that we believe, in our discretion, that it is advisable to discontinue and/or modify the Licensed Marks, then we will modify and/or replace the Licensed Marks and you must use the substitutions, replacements and/or variations of and/or to the Licensed Marks and use the those trademarks, service marks, logos and trade names required and designated by us. In such event, our sole liability and obligation will be to reimburse you for the direct out-of-pocket costs of complying with this obligation, which you must document to our satisfaction, including, by way of example, alterations in signage and replacement of marketing materials.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents. We have copyrighted or may copyright advertising materials and design specifications, our Manuals and other written materials and items. We have not applied to the United States Copyright Office to register these copyrights. We have not applied to the USPTO for the issuance of any patents.

You must keep as confidential our manuals, any supplements to the manuals and any other manuals or written materials (including those materials made available to you in electronic format or as part of an online or cloud based network that is a part of the System or designated by the System) used in connection with the Franchised Business. The Manuals contain information about our System, System Products and Services, proprietary products, marketing systems, and, among other things, confidential methods of operation. We consider the information a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and prevent any unauthorized copy, duplication, record or reproduction of this information. You must also require your employees to sign confidentiality agreements that will require them to keep confidential, both during and after their employment, all information designated by us as confidential. You must immediately inform us if you learn of any unauthorized use, infringement or challenge to the copyrighted materials, proprietary or confidential information, including but not limited to our Manuals. We will take any and all action(s) (or refrain from same) that we determine, in our discretion, to be appropriate. We may control any action we choose to bring. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that its right to these materials are superior, then you must modify or discontinue your use of these materials in accordance with our written instructions.

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

The Area Representative Agreement requires that you or, if you are a Corporate Entity, that your Managing Owner be personally responsible for the management and overall operations of the Franchised Business (the “Managing Owner”). Your Managing Owner must complete, to our satisfaction, our initial training program and be approved by us. You, or if you are a Corporate Entity, your Managing Owner, must personally participate in the day-to-day management and operation of the Franchised Business. At all times, the Franchised Business must be managed and supervised by a Managing Owner.

You and, if you are Corporate Entity, each of your members, shareholders and/or partners (collectively, “Owners”), must personally guarantee all of your obligations to us under the Area Representative Agreement. You must each promise in writing that, among other things, during the term of the Area Representative Agreement you will not participate in any business that in any way competes with the Franchised Business and/or any Business, and that for 24 months after the expiration of termination of the Area Representative Agreement (with said period being tolled during any periods of non-compliance), you will not participate in any business that is competitive to the Franchised Business and/or a Business that is located within and/or servicing customers and/or prospective franchisees located within your Area Representative Territory and a 25 mile radius surrounding your Area Representative Territory. Your managers and all other employees and agents with access to our confidential information will be required by us to sign a confidentiality agreement. Your spouse is not required to guarantee performance of your Area Representative Business.

ITEM 16
RESTRICTIONS ON PRODUCTS AND SERVICES SOLD

You may only sell the products and services as specified by us in writing or otherwise approved by us in writing and you may only sell the products and services required by us. We can change the products and services that you must offer. There is no limitation on our right to change the products and services offered sold by the Franchised Business. You are not limited to whom you may sell products and services of your Franchised Business, provided you do within your Area Representative Territory and as otherwise required by and in compliance with the standards we determine for the System. You cannot sign any Franchise Agreements on our behalf. We maintain sole discretion as to whether or not we approve of a prospective franchisee and whether or not we elect to enter into a Franchise Agreement with the prospective franchisee.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Sections in Area Representative Agreement	Summary
a. Length of the Area Representative term	Sections 1 and 2.2	Five years.
b. Renewal or extension of the term	Sections 1 and 11	Limited right of renewal for additional five year term but rights afforded upon renewal are limited to existing Area Representative System Franchisees as of the end of the initial term and does not include continued development rights regarding the sale of new Business franchises. Commissions during the renewal term are limited to area representative royalty commissions paid by area representative system franchisees during the renewal term. You are not afforded additional development rights during the renewal term in the Area Representative Territory.
c. Requirements for Area Representative to renew or extend	Sections 1 and 11	You must: not be in default of the Area Representative Agreement; not be in default of any Franchise Agreement with us; own and operate not less than one Business within the Area Representative Territory; your Owners and spouses of your Owners must be in compliance with their agreements with us; give us 180 days prior written notice; and pay a renewal fee. Upon renewal, your rights in the Franchised Business will be restricted to providing services on behalf of existing Area Representative System Franchisees as of the end of the initial term and does not include continued development rights regarding the sale of new Business franchises. You must sign a contract with materially different terms and conditions from the original contract.
d. Termination by Area Representative	Sections 1 and 12.2	You may terminate the Area Representative Agreement if you are in compliance with the Area Representative

Provision	Sections in Area Representative Agreement	Summary
		Agreement and we are in material breach and fail to cure that breach within 30 days or, if the breach cannot be cured within 30 days, than within such period of time that is reasonable to cure the breach.
e. Termination by franchisor without cause	No provision	Not applicable.
f. Termination by franchisor with cause	Sections 1 and 12.1	We can terminate without any payment to you if you default and fail to cure the default as stated in the Area Representative Agreement.
g. "Cause" defined – curable defaults	Sections 1 and 12.1(c)	You have 10 days to cure monetary defaults; 30 days to cure the default of any other provision of the Area Representative Agreement.
h. "Cause" defined – non-curable defaults	Sections 1, 12.1(a) and 12.1(b)	You: become insolvent; file a bankruptcy petition, are adjudicated bankrupt or insolvent; are dissolved; fail to timely cure a default that is curable; abandon the Area Representative Business; fail to timely open the Area Representative Business; fail to timely open your Business within the Area Representative Territory; or an Owner breaches the restrictive covenants and/or confidentiality obligations in the Area Representative Agreement; engage in dishonest or fraudulent conduct; or an Owner is convicted of a felony; or any Owner makes an unauthorized transfer or assignment of the Area Representative Business or its assets; use, sell, or distribute unauthorized products; you terminate a Franchise Agreement with us for a Business; you breach a Franchise Agreement with us for a Business; fail to timely meet your development quota, your development schedule and/or your development obligations for any one development period.
i. Area Representative's obligations on termination/ non-renewal	Sections 1 and 13	You must pay all amounts owed to us or our affiliates; cease operating the Area Representative Business; refrain from using our marks, know-how, confidential information, manuals,; return to us or destroy (as we specify) all customer lists

Provision	Sections in Area Representative Agreement	Summary
		and information, franchisee lists and information; System information, forms, and materials bearing our Marks or concerning the System and/or the Franchised Business; de-identify the; return the operations manual and cease using confidential information; and abide by the post-termination non-competition covenants and restrictions; and assign phone, fax and web addresses to us.
j. Assignment of contract by franchisor	Sections 1 and 10.1	No restriction on our right to assign.
k. “Transfer” by Area Representative – defined	Section 1	Includes voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in Area Representative, Area Representative’s Owners, and/or the Area Representative Business.
l. Franchisor’s approval of transfer by Area Representative	Sections 1 and 10.1, 10.2, 10.3, 10.4, 10.5 and 10.6	We have the right to approve all transfers by you which we may withhold/disapprove in our sole discretion.
m. Conditions for franchisor’s approval of transfer by Area Representative	Sections 1 and 10.1, 10.2, 10.3, 10.4, 10.5 and 10.6	The proposed transfer must be at least 24 months following the signing of the Area Representative Agreement, is subject to our prior right of first refusal, and is subject to our discretion including, but not limited to: new assignee must have sufficient business experience and financial resources to operate the Area Representative Business, as determined in our sole discretion; you must pay all amounts due us and our affiliates; assignee and the assignee’s owners must successfully complete our Initial Training Program for single unit franchisees and area representatives; you and your principal Owners must sign a general release of us, our affiliates, and respective shareholders, officers, directors, employees and agents; assignee must agree to bring the Area Representative Business up to current standards; if you and your Owner and Spouses have not previously signed our Area Representative Owner and Spouses Agreement and Guarantee (Area Representative Agreement, Exhibit 1) you must do so and, in doing so individually

Provision	Sections in Area Representative Agreement	Summary
		agree to our restrictive covenants and obligations; and the assignee must own and operate a Business within the Area Representative Territory under a Franchise Agreement with us.
n. Franchisor's right of first refusal to acquire Area Representative's business	Sections 1 and 10.6	We have a 30 day right of first refusal. We have the right to match any bona fide, arms- length offer for your Area Representative Business.
o. Franchisor's option to purchase Area Representative's business	Not applicable.	Not applicable.
p. Death or disability of Area Representative	Sections 1 and 10.4	Area Representative Business and/or replacement Managing Owner must be transferred and/or designated within not more than 120 days following the death or disability.
q. Non-competition covenants during the term of the Franchise	Sections 1, 7.2, 7.3, 7.4 and 7.6	You and your Owners cannot own, operate and/or engage in any business that is competitive to the Area Representative Business and/or a Business.
r. Non-competition covenants after the Franchise is terminated or expires	Sections 1, 7.2, 7.3, 7.5, 7.6	For the two year period following the expiration or termination of the Area Representative Business, as to your Area Representative Territory and a 25 mile radius surrounding your Area Representative Territory, you and your Owners and your Owner's Spouses cannot own, operate and/or engage in any business that is competitive to the Area Representative Business.
s. Modification of the Agreement	Sections 1, 14.1, 14.2, and 14.13	No modifications to Area Representative Agreement unless agreed to in writing, but the operations manual is subject to change.
t. Integration/merger clause	Sections 1 and 14.13	Only the terms of the Area Representative Agreement and other related agreements are binding (subject to state law). Any representations or promises outside of the Area Representative Agreement are not enforceable.

Provision	Sections in Area Representative Agreement	Summary
u. Dispute resolution by arbitration or mediation	14.7	Except for certain claims for injunctive relief, all disputes must first be submitted to non-binding mediation in Clark County, Nevada and, if mediation is unsuccessful, then to binding arbitration in Clark County, Nevada (Subject to applicable state law).
v. Choice of forum	Sections 1 and 14.7	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, Clark County, Nevada (Subject to applicable state law).
w. Choice of law	Sections 1 and 14.6	Nevada law will govern (except as otherwise disclosed in <u>Exhibit H</u> to this Disclosure Document).

ITEM 18

PUBLIC FIGURES

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

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) 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 Nick Maldonado, Toro Taxes Franchise, LLC at 6130 Elton Avenue, Las Vegas, Nevada 89107 and (800) 867-6829, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

The following tables relate to Area Representative Businesses and not individual Toro Taxes Businesses. See, Item 20 of Toro Taxes Individual Unit FDD for detailed outlet summaries of Toro Taxes Businesses.

TABLE NO. 1
SYSTEM-WIDE OUTLET SUMMARY
FOR YEARS 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Area Representative	2021	3	8	+5
	2022	8	18	+10
	2023	18	22	+4
Company Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	3	8	+5
	2022	8	18	+10
	2023	18	22	+4

TABLE NO. 2
TRANSFER OF OUTLETS FROM AREA REPRESENTATIVE TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2021 to 2023

State	Year	Number of Transfers
None	2021	0
	2022	0
	2023	0

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TABLE NO. 3
STATUS OF AREA REPRESENTATIVE OWNED OUTLETS
FOR YEARS 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Area Representative	Outlets Closed	Outlets Sold to Area Representative	Outlets at End of Year
Arizona	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
California	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Colorado	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Florida	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	2	0	0	0	2
Illinois	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Minnesota	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
New Jersey	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Ohio	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1

	2023	1	2	0	0	0	3
Oklahoma	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Texas	2021	2	2	0	0	0	4
	2022	4	4	0	0	0	8
	2023	8	2	0	1	0	9
Utah	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	3	5	0	0	0	8
	2022	8	10	0	0	0	18
	2023	18	5	0	1	0	22

TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR YEARS 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

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**TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2023**

State	Area Representative Agreement Signed but Outlet Not Opened	Projected New Area Representative Outlet in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
New Jersey	0	1	0
Texas	0	1	0
TOTAL	0	2	0

Notes to Tables:

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, no current or former area representatives have signed confidentiality clauses with us that restrict them from discussing with you their experiences as an area representative in our franchise system. We know of no area representative organizations that are associated with our System and that utilize our Licensed Marks or the Toro Taxes trade name as part of the area representative organizations name.

Exhibit F to this Disclosure Document contains a list of our then current area representatives of an Area Representative Business as of the end of the Issuance Date of this Disclosure Document.

Exhibit G to this Disclosure Document contains a list of area representative franchisees of an Area Representative Business that had their Area Representative Business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Area Representative Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

**ITEM 21
FINANCIAL STATEMENTS**

Attached as Exhibit D are our audited financial statements for December 31, 2023, December 31, 2022, and December 31, 2021. We were established on April 5, 2019, and our fiscal year ends on December 31.

**ITEM 22
CONTRACTS**

Our Area Representative Agreement is attached to this Disclosure Document as Exhibit E.

The following Agreements are attached to our Area Representative Agreement: Area Representative Owners and Spouse Agreement and Guaranty (Area Representative Agreement, Exhibit 1) and Confidentiality Agreement Guaranty (Area Representative Agreement, Exhibit 2).

Individual state law may supersede the provisions contained in your Area Representative Agreement respecting the requirement that you execute a general release as a condition to assignment, sale or transfer. See, the state specific addendums contained in Exhibit H of this Disclosure Document.

ITEM 23
RECEIPTS

Two copies of a detachable receipt in Exhibit J are located at the very end of this Disclosure Document. Please sign one copy of the receipt and return it to us at the following address Nick Maldonado, Toro Taxes Franchise, LLC, 6130 Elton Avenue, Las Vegas, Nevada 89107. The duplicate is for your records.

[THE DISCLOSURE DOCUMENT ENDS HERE]



FRANCHISE DISCLOSURE
DOCUMENT
EXHIBIT A
STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

2101 Arena Boulevard
Sacramento, CA 95834
1-866-275-2677

Connecticut

Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103

Florida

Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, FL 32399

Hawaii

Commissioner of Securities
Dept. of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois

Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62706

Indiana

Indiana Secretary of State
Indiana Securities Division
Franchise Section
302 W. Washington Street, Room E-111
Indianapolis, IN 46204

Kentucky

Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, KY 40601

Maine

Department of Professional and Financial
Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, ME 04333

Maryland

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202

Michigan

Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
P.O. Box 30213
Lansing, MI 48909

Minnesota

Minnesota Department of Commerce
Securities Division
85 7th Place East, Suite 280
St. Paul, MN 55101

Nebraska

Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400
Lincoln, NE 68509

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-8222

North Carolina

Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603

North Dakota

Securities Department
600 East Boulevard Avenue, State Capitol
Fourteenth Floor, Department 414
Bismarck, ND 58505-0510
Phone 701-328-4712

LIST OF STATE ADMINISTRATORS (CONTINUED)

Rhode Island

Department of Business Registration
Division of Securities
233 Richmond Street Suite 232
Providence, RI 02903

South Carolina

Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, SC 29201

South Dakota

Franchise Office
Division of Securities
910 E. Sioux Avenue
Pierre, SD 57501

Texas

Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, TX 78701

Utah

Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, UT 84114

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507
360-902-8700

Wisconsin

Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701



FRANCHISE DISCLOSURE
DOCUMENT
EXHIBIT B
AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

Toro Taxes Franchise, LLC,
6130 Elton Avenue, Las Vegas, Nevada 89107
Attn: Nick Maldonado

California

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

2101 Arena Boulevard
Sacramento, CA 95834
1-866-275-2677

Connecticut

Banking Commissioner
Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
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Hawaii

Commissioner of Securities
Dept. of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202

Michigan

Michigan Department of Commerce
Corporation and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

Minnesota

Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

New York

Secretary of the State of New York
99 Washington Avenue
Albany, NY 12231

North Dakota

North Dakota Securities Department
Securities Commissioner
600 East Boulevard Avenue, State Capitol
Fifth Floor, Dept 414
Bismarck, ND 58505
Phone 701-328-4712

Rhode Island

Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota

Director, Division of Securities
Department of Commerce and Regulation
445 East Capitol Avenue
Pierre, SD 57501

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington

Securities Administrator
Washington Department of Financial
Institutions
150 Israel Road SW
Tumwater, WA 98501

Wisconsin

Wisconsin Commissioner of Securities
345 W Washington Avenue
Madison, WI 53703



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT C
OPERATIONS MANUAL TABLE OF
CONTENTS

TORO TAXES FRANCHISE, LLC
OPERATIONS MANUAL TABLE OF CONTENT

Table of Contents



Chapter 1: Basic Franchise Sales Steps

Step 1: Current FDD	7
Step 2: State Registration or Notice	8
Step 3: Notice of FDD Formats Available	9
Step 4: Notice of “Franchise Sellers” Involved	11
Step 5: Disclosure Whenever Requested By Prospect	11
Step 6: Minimum Disclosure Timing	12
Step 7: Receipts	14
Step 8: Providing Final Agreements to Prospect	14
Step 9: Re-Disclosure If “Material Change” Occurs	15
Step 10: Execution of Agreements	16
Step 11: Post-Sale Obligations	17

Chapter 2: Special Disclosure Situations

Situation 1: Transfer of Franchise	19
Situation 2: Renewal or Extension of Franchise	20
Situation 3: Modification of Franchise	21
Situation 4: Sale of Additional Franchise to Existing Franchisee	21
Situation 5: Sale of Operating Outlet	22
Situation 6: Written Substantiation of FPR	23
Situation 7: Supplemental FPR	24
Situation 8: New “Franchise Seller” After Disclosure	24



Situation 9: Exemption	25
Situation 10: Non-U.S. Outlet	26

Chapter 3: Permitted Franchise Sales Activities

Permitted 1: Advertising	27
Permitted 2: Communications Before and During Waiting Periods	29
Permitted 3: Confidentiality Agreement	30
Permitted 4: "Cost Information Alone" Outside FDD	30
Permitted 5: Discovery Day	31
Permitted 6: Negotiation	32
Permitted 7: Supplemental Material Information	33

Chapter 4: Prohibited Franchise Sales Activities

Prohibited 1: Disclaimers or Waivers of Representations in FDD	35
Prohibited 2: FPRs Outside FDD	35
Prohibited 3: Information Contradictory to Information in FDD	37
Prohibited 4: Use of "Shills"	37

APPENDIX A: Regulatory States and Non-Regulatory Jurisdictions	39
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APPENDIX B: Glossary	41
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Total Number of Pages	41
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FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT D
FINANCIAL STATEMENTS



MM & Company, LLP
Certified Public Accountants

South Coast Metro - Twin Towers
1 MacArthur Place, Suite 500
Santa Ana, CA 92707
Main: 949.484.7990
Fax: 949.484.7983

April 22, 2024

Board of Directors and Stockholders
Toro Taxes Franchise, LLC

MM & Company, LLP hereby consents to the use in the Franchise Disclosure Document issued by Toro Taxes Franchise, LLC ("Franchisor") on April 22, 2024, of our report dated April 19, 2024, relating to the financial statements of Franchisor for the year ended December 31, 2023.

MM & Company, LLP

mm & Company LLP

Santa Ana, California



TORO TAXES FRANCHISE, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2023, 2022 AND 2021

**WITH INDEPENDENT AUDITOR'S
REPORT THEREON**

TORO TAXES FRANCHISE, LLC
TABLE OF CONTENTS
DECEMBER 31, 2023, 2022 AND 2021

	<u>Page</u>
Independent Auditor's Report	1
Balance Sheets	4
Statements of Operations	5
Statements of Members' Equity (Deficit)	6
Statements of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITOR'S REPORT

To the Members
Toro Taxes Franchise, LLC
Las Vegas, Nevada

Opinion

We have audited the accompanying financial statements of Toro Taxes Franchise, LLC (the Company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations, members' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Toro Taxes Franchise, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Toro Taxes Franchise, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Company as of December 31, 2022 and 2021 were audited by other auditors whose reports dated May 1, 2023 and April 29, 2022, respectively, expressed unmodified opinions on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Toro Taxes Franchise, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Toro Taxes Franchise, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Toro Taxes Franchise, LLC's ability to continue as a going concern for a reasonable period of time.

Other Matter

As part of our audit of the 2023 financial statements, we also audited adjustments described in Note 2 that were applied to restate the 2022 and 2021 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 or 2021 financial statements of the Company other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2022 or 2021 financial statements as a whole.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

MM & Company, LLP

MM & Company, LLP

Santa Ana, California
April 19, 2024

TORO TAXES FRANCHISE, LLC
BALANCE SHEETS
DECEMBER 31, 2023, 2022 AND 2021

	ASSETS		
	2023	2022	2021
Current Assets:			
Cash	\$ 99,568	\$ 33,976	\$ 358,395
Accounts receivable	48,213	56,103	55,580
Notes receivable, current maturities	322,269	332,837	184,791
Deferred commission, current portion	32,928	32,928	-
Due from related parties	326,648	90,544	46,392
Total current assets	829,626	546,388	645,158
Non-Current Assets:			
Notes receivable, net of current maturities	1,837,059	1,331,349	739,165
Property and building improvements, net	61,297	66,928	80,379
Deferred commission, net of current portion	65,858	98,786	-
Security deposits	3,000	24,625	24,625
Right-of-use lease assets	7,934	-	-
Other assets	-	-	3,760
Total non-current assets	1,975,148	1,521,688	847,929
Total Assets	\$ 2,804,774	\$ 2,068,076	\$ 1,493,087
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)			
Current Liabilities:			
Accounts payable	\$ 58,510	\$ 32,585	\$ 78,313
Due to related parties	1,554	1,205	11,906
Note payable, current portion	1,173,716	517,371	259,008
Lease liabilities, current portion	1,841	-	-
Deferred revenue, current portion	889,377	687,707	359,600
Total current liabilities	2,124,998	1,238,868	708,827
Long-Term Liabilities:			
Note payable, net of current portion	1,959,751	2,979,163	1,572,743
Lease liabilities, net of current portion	6,093	-	-
Deferred revenue, net of current portion	1,894,433	1,396,583	869,085
Total long-term liabilities	3,860,277	4,375,746	2,441,828
Total liabilities	5,985,275	5,614,614	3,150,655
Total Member's Equity (Deficit) as Restated	(3,180,501)	(3,546,538)	(1,657,568)
Total Liabilities and Member's Equity (Deficit)	\$ 2,804,774	\$ 2,068,076	\$ 1,493,087

See accompanying notes to financial statements

TORO TAXES FRANCHISE, LLC
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues:			
Royalties	\$ 1,010,956	\$ 908,024	\$ 881,751
Gross sales rebates	854,425	898,305	761,257
Marketing fees	441,408	430,776	265,783
Initial franchise fees	926,030	940,888	557,476
Annual fees	92,730	86,516	5,500
Other income	<u>32,915</u>	<u>46,780</u>	<u>57,772</u>
Total revenues	3,358,464	3,311,289	2,529,539
Operating Expenses:			
General and administrative	1,751,764	1,277,730	766,030
Wages and salaries	471,651	644,570	563,343
Advertising and marketing	475,843	492,408	365,572
Conventions and expos	111,798	332,836	181,512
Franchise commissions	61,276	32,928	115,013
Depreciation	<u>15,896</u>	<u>13,451</u>	<u>13,349</u>
Total operating expenses	<u>2,888,228</u>	<u>2,793,923</u>	<u>2,004,819</u>
Operating Income	<u>470,236</u>	<u>517,366</u>	<u>524,720</u>
Other Income (Expenses):			
Interest income	135,411	11,176	28
Interest expense	(7,729)	(92,560)	(3,375)
Recovery of bad debt	320,254	-	-
Amortization of Buyer's Fees	(154,298)	76,208	76,208
Loss on sales of notes receivable	(228,945)	-	-
PPP loan forgiveness	<u>-</u>	<u>-</u>	<u>56,266</u>
Total other income and (expenses)	<u>64,693</u>	<u>(5,176)</u>	<u>129,127</u>
Net Income	<u><u>\$ 534,929</u></u>	<u><u>\$ 512,190</u></u>	<u><u>\$ 653,847</u></u>

TORO TAXES FRANCHISE, LLC
STATEMENT OF MEMBERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

Members' Equity (Deficit) at December 31, 2020, Restated	\$ (1,457,927)
Members' distributions	(853,488)
Net income, restated	<u>653,847</u>
Members' Equity (Deficit) at December 31, 2021, Restated	(1,657,568)
Members' distributions	(2,401,160)
Net income, restated	<u>512,190</u>
Members' Equity (Deficit) at December 31, 2022, Restated	(3,546,538)
Members' distributions	(168,892)
Net income	<u>534,929</u>
Members' Equity (Deficit) at December 31, 2023	<u><u>\$ (3,180,501)</u></u>

TORO TAXES FRANCHISE, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:			
Net income	\$ 534,929	\$ 512,190	\$ 653,847
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	15,896	13,451	13,349
Allowance for doubtful accounts	(316,623)	507,018	282,852
(Increase) decrease in:			
Accounts receivable	7,890	(523)	7,042
Deferred commissions	32,928	(131,714)	-
Notes receivable	(178,519)	(1,247,248)	(427,259)
Prepaid expenses	-	-	129,379
Security deposits	21,625	-	6,000
Due from related parties	(236,104)	(44,152)	45,810
Other assets	-	3,760	(3,760)
Increase (decrease) in:			
Accounts payable	25,925	(45,729)	(130,809)
Operating cash flows from operating leases	-	-	-
Due to related parties	349	(10,701)	11,906
Deferred revenue	699,520	855,606	819,436
Net cash provided by operating activities	607,816	411,958	1,407,793
Cash Flows From Investing Activities:			
Purchases of property and equipment	(10,265)	-	(9,500)
Net cash used in investing activities	(10,265)	-	(9,500)
Cash Flows From Financing Activities:			
Payments on notes payable	(513,032)	(335,217)	(335,218)
Proceeds from notes payable	149,965	2,000,000	-
Members' distributions	(168,892)	(2,401,160)	(853,488)
Net cash used in financing activities	(531,959)	(736,377)	(1,188,706)
Net Increase (Decrease) in Cash	65,592	(324,419)	209,587
Cash, Beginning of period	33,976	358,395	148,808
Cash, End of Period	<u>\$ 99,568</u>	<u>\$ 33,976</u>	<u>\$ 358,395</u>
Supplemental Information to Cash Flows:			
Cash paid for interest	<u>\$ 7,729</u>	<u>\$ 92,560</u>	<u>\$ 3,375</u>
Supplemental Disclosures of Non-Cash Activity:			
Record right-of-use operating leases	<u>\$ 9,727</u>	<u>\$ -</u>	<u>\$ -</u>

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Toro Taxes Franchise, LLC (the Company) was established in the state of Nevada as a limited liability Company on April 5, 2019, for the purpose of offering franchise opportunities to entrepreneurs who want to develop and operate a tax preparation business. The Company offers qualified individuals the right to operate a business that provides services for the preparation and filing of income tax returns, and other products and services under “Toro Taxes” mark. The Company offers individual unit office franchises and area development franchises for the development of multiple offices within a designated territory.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results may differ from those estimates used.

Reclassifications

Certain reclassifications have been made to the 2022 and 2021 financial statements to conform to the 2023 presentation. Such reclassifications had no effect on previously reported changes in stockholders’ equity.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash deposits in excess of \$250,000. The Company places its cash deposits with high-credit quality, Federal Deposit Insurance Corporation (FDIC) insured financial institutions. At times, balances in the Company’s cash accounts may exceed the FDIC’s insurance limits. As of December 31, 2023, all the Company’s cash balances were insured.

Accounts Receivable and Notes Receivable

Accounts receivable arise primarily from the amounts due from franchise owners for continuing fees (Royalties) that are collected monthly and are carried at their estimated collectible amounts.

Notes receivable consist of Company’s loans made to franchise owners for a purchase of initial or additional franchises and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding accounts and notes receivable, historical collection information, existing economic conditions, and other relevant factors. At the time any particular account receivable is deemed uncollectible, the balance is charged to the allowance for doubtful accounts.

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Property and Equipment

Property and equipment is carried at historical cost. Depreciation of property and equipment is provided for by using the straight-line method for financial reporting purposes. Depreciation is charged over the estimated useful lives of the assets, which ranges from five to fifteen years. Expenditures for maintenance and repairs of equipment are charged to expense as incurred.

Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. The Company adopted ASU 2021-02, *Franchisors – Revenue from Contracts with Customers* (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09, *Revenue from Contracts with Customers* (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for preopening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company, as franchisor, to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) marketing, brand development, and royalties fees, (c) IT fees, and (d) annual conference fees. The Company utilizes the ASC 606 five steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition (Continued)

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically five years while successive agreement terms are typically five years.

The Company accounts for its franchise-related revenues as follows:

- **Franchise Fees:** The Company will defer the initial franchise fees, which range from \$5,000 to \$35,000 based on year the franchise was signed, over the life of the agreement for the symbolic intellectual property and recognize the other services provided on the date of signing the agreement. In the new guidelines, Franchisors are to record the revenues when the performance obligation is met for those services provided at the time the agreement is signed, which include pre-opening services including the assistance, preparation, training, installation and testing of all programs included in the franchise setup which amounts to \$2,888 for 2023. The remaining initial fees relate to Marks and Licenses which are deemed symbolic intellectual property that is not functional intellectual property (that is, intellectual property that does not have significant stand-alone functionality). Because symbolic intellectual property does not have significant standalone functionality, substantially all of the utility of symbolic intellectual property is derived from its association with the entity's past or ongoing activities, including its ordinary business activities. The Company deferred franchise fees totaling \$2,783,810 for the years ended December 31, 2023.

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition (Continued)

- **Royalty Fees:** Throughout the term of the franchise agreement, Franchisee shall pay to Franchisor a continuing non-refundable royalty fee in an amount equal to: (a) 10% of Franchisee's Gross Sales but not including Gross Sales from Business Division Services or Non-Bank Product Transaction; (b) \$30 per Non-Bank Product Transaction; and (c) the royalty fee applicable for Franchisee's gross sales for each Business Division Service, as set forth in the franchise agreement.
- **Advertising Fees:** Advertising fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered. The Company collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

Franchise Activity

The following is a summary of franchise activity at December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Number of Franchises Sold	3	64	24
Total Number of Franchises in Operation	195	197	200

Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Change in Accounting Principle

In February 2016, the FASB Update 2016-02, *Leases* (Topic 842), (ASU) which is the final standard on the accounting for leases. ASU 2016 was issued in three parts: Section A, “Leases: Amendments to the FASB Accounting Standards Codification®”, Section B, “Conforming Amendments Related to Leases: Amendments to the FASB Accounting Standards Codification®”, and Section C, “Background Information and Basis for Conclusions.” While both lessees and lessors are affected by the new guidance, the effects on lessees are much more significant. The most significant change for lessees is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. By definition, a short-term lease is one in which: (a) the lease term is 12 months or less and liabilities for most leases currently accounted for as operating leases under the legacy lease accounting guidance.

For many entities, this could significantly affect the financial ratios they use for external reporting and other purposes, such as debt covenant compliance. The ASU is effective for fiscal years beginning after December 15, 2021. The Company has adopted this standard, and the effect has been reflected in the financial statements and notes to the financial statements.

Income Taxes

The Company and its members have elected to be treated as a partnership under the provisions of the Internal Revenue Code (IRC). Therefore, any taxable income earned by the Company is included in the individual tax returns of its members. Accordingly, net income presented in the financial statements does not include a provision for income taxes.

Subsequent Events

The Company has evaluated subsequent events through April 19, 2024, which was the date the financial statements were available to be issued.

2. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were made for the years ending December 31, 2022 and 2021. The first adjustment in the amount of \$102,313 was the result of errors in recording deferred revenues which affected the years ending December 31, 2022 and 2021.

The second adjustment was to properly record buyer’s fees related to accounts receivable financing agreements in the year ending December 31, 2022 (See Note 9). The following reflects the accounts which were affected as a result of the adjustments.

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

2. PRIOR PERIOD ADJUSTMENTS (Continued)

The following accounts were restated during the year ending December 31, 2022:

	<u>Unadjusted</u>	<u>Adjustment</u>	<u>Restated</u>
Deferred Revenue, Net of Current Portion	\$ 1,601,211	\$ (204,628)	\$ 1,396,583
Note Payable, Net of Current Portion	\$ 3,151,394	\$ (172,231)	\$ 2,979,163
Initial Franchise Fees	\$ 838,575	\$ 102,313	\$ 940,888
Amortization of Buyer's Fees	\$ -	\$ 76,208	\$ 76,208
Members' Deficit	\$ (3,725,059)	\$ 178,521	\$ (3,546,538)
Net income	\$ 333,669	\$ 178,521	\$ 512,190

The following accounts were restated during the year ending December 31, 2021:

	<u>Unadjusted</u>	<u>Adjustment</u>	<u>Restated</u>
Deferred Revenue, Net of Current Portion	\$ 971,398	\$ (102,313)	\$ 869,085
Initial Franchise Fees	\$ 455,163	\$ 102,313	\$ 557,476
Amortization of Buyer's Fees	\$ -	\$ 76,208	\$ 76,208
Members' Deficit	\$ (1,836,089)	\$ 178,521	\$ (1,657,568)
Net Income	\$ 475,326	\$ 178,521	\$ 653,847

The following accounts were restated during the year ending December 31, 2020:

	<u>Unadjusted</u>	<u>Adjustment</u>	<u>Restated</u>
Members' Deficit	\$ (1,477,742)	\$ 19,815	\$ (1,457,927)

3. ACCOUNTS RECEIVABLE

At the years ended December 31, 2023, 2022 and 2021, accounts receivables consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Royalties Receivable	\$ 45,341	\$ 56,103	\$ 55,580
Other Receivables	<u>2,872</u>	<u>-</u>	<u>-</u>
	<u>\$ 48,213</u>	<u>\$ 56,103</u>	<u>\$ 55,580</u>

4. NOTES RECEIVABLE

Notes receivable relate to the Company financing a portion or all of the initial franchise fees from the sale of franchises. The notes are collateralized by the franchise territory. The notes generally bear interest at rates ranging from 5% to 10%, with maturities generally from five to ten years.

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

4. NOTES RECEIVABLE (Continued)

A summary of notes receivable principal maturities at December 31 follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Notes Receivables	\$2,270,843	\$2,204,425	\$1,162,482
Less: Allowance for Doubtful Accounts	<u>(111,515)</u>	<u>(540,239)</u>	<u>(238,526)</u>
Notes Receivable, Net of Allowances for Doubtful Accounts	2,159,328	1,664,186	923,956
Less: Current Maturities, Net of Allowances for Doubtful Accounts	<u>322,269</u>	<u>332,837</u>	<u>184,791</u>
Notes Receivable, Net of Current Maturities and Allowances for Doubtful Accounts	<u>\$1,837,059</u>	<u>\$1,331,349</u>	<u>\$ 739,165</u>

5. SALE OF NOTES RECEIVABLE

On July 31, 2023, the Company entered into an agreement with SCC Partners LLC to sell its notes receivable at a loss. The aggregate principal amount of the notes receivable that sold was \$441,098, and the Company received \$212,252 from the sale. Information regarding the sale of notes receivable consisted of the following for the year ended December 31, 2023:

Total Sales Price	\$ 441,197
Notes receivable at net asset value	<u>212,252</u>
Loss on Sale of Notes Receivable	<u>\$(228,945)</u>

6. RELATED PARTIES TRANSACTIONS

The Company has common ownership with multiple companies. The Company had the following transactions due from its affiliates at December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Expenses paid by the Company on behalf of Toro Life LLC covering their marketing costs.	\$ 9,230	\$ 5,930	\$ 13,740
Expenses paid by the Company on behalf of Toro Cares in organizing social events, which was aimed at increasing donations to benefit more individuals in need.	4,544	1,000	1,000
A loan was given to Elite Call Center MX to cover the operating and payroll expenses of the Field Profit Executives (FPE) who oversee the marketing development of each franchisee across the nation.	183,200	41,369	-

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

6. RELATED PARTIES TRANSACTIONS (Continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
A loan was provided to Toro Realty, LLC to cover their marketing costs and ensure the realization of the Company's marketing objectives, which are critical to its continued success in the highly competitive real estate market.	3,677	3,677	5,612
A loan was granted to NOJJ, LLC to cover the administrative expenses of the building. The loan also covered necessary expenses aimed at enhancing the functionality of the building.	59,447	10,818	15,050
A loan was provided to Toro Taxes Business Division to cover professional services aimed at serving the Company's franchisees nationwide.	66,550	27,750	-
Payments on behalf of Latin X Entrepreneur Training Centers LLC for tax courses.	<u>-</u>	<u>-</u>	<u>10,990</u>
Total Amount Due from Related Parties	326,648	90,544	46,932

The Company had the following transactions due to its affiliates at December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Expense incurred by Latin X Entrepreneur Training Centers, LLC for the training and education of the Company's new franchisees.	\$ 1,554	\$ 1,205	\$ -
A fund borrowed from Toro Taxes Business Division LLC to cover the necessary expense of the Company's operation.	<u>-</u>	<u>-</u>	<u>11,906</u>
Total Amount Due to Related Parties	<u>\$ 1,554</u>	<u>\$ 1,205</u>	<u>\$ 11,906</u>

As of December 31, 2023, 2022 and 2021, due from/to related parties consists of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Due from Related Parties	<u>\$ 326,648</u>	<u>\$ 90,544</u>	<u>\$ 46,392</u>
Due to Related Parties	<u>\$ 1,554</u>	<u>\$ 1,205</u>	<u>\$ 11,906</u>

Included in accounts payable for the year ended December 31, 2023 is \$4,305 due to the members of the Company.

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

7. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2023, 2022 and 2021 consist of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Computer Equipment	\$ 23,951	\$ 17,686	\$ 17,686
Furniture	18,535	18,535	18,535
Leasehold Improvements	31,325	31,325	31,325
Software	<u>36,000</u>	<u>32,000</u>	<u>32,000</u>
 Total property and equipment	 109,811	 99,546	 99,546
 Less: Accumulated Depreciation and Amortization	 <u>(48,514)</u>	 <u>(32,618)</u>	 <u>(19,167)</u>
 Net Property and Equipment	 <u>\$ 61,297</u>	 <u>\$ 66,928</u>	 <u>\$ 80,379</u>

Depreciation expenses for the years ended December 31, 2023, 2022 and 2021 were \$15,896, \$13,451 and \$13,349, respectively.

8. FINANCING ARRANGEMENT

The Company's debt obligations are primarily related to its agreement to sell its future tax preparation fees to a financial services company which collects certain fees in exchange for working capital without recourse. Based on the terms of the agreement, such fees are sold at a discounted price (buyer's fees) and must be paid back through scheduled annual installments. The balance outstanding under the agreement was approximately \$3,541,842 as of December 31, 2023. The Company's maximum future tax preparation fees contractually due to the financial services company is \$4,000,000, of which the Company has recorded \$3,133,467, which represents the net fair value of the obligations, including a debt discount of \$408,375 arising from the financial service company's fees. Because of the Company's credit policies, repossession losses and refunds in the event of default have not been significant and losses under present obligations are not expected to be significant. It is at least reasonably possible that the Company's estimate will change within the near term. Members of the Company are personal guarantors and unconditionally guarantee to the financial services company the Company's good faith, truthfulness and performance of all of the representations, warranties and covenants made by it in the agreement as each may be renewed, amended, extended or otherwise modified.

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

8. FINANCING ARRANGEMENT (Continued)

Future fees for each of the five years following December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	<u>2019 Contract Future Fees</u>	<u>2020 Contract Future Fees</u>	<u>2022 Contract Future Fees</u>	<u>Total</u>
2024	\$ 1,004,900	\$ 64,752	\$ 258,362	\$ 1,330,038
2025	-	340,031	258,362	598,393
2026	-	-	258,362	258,362
2027	-	-	<u>1,357,073</u>	<u>1,357,073</u>
Total	1,004,900	404,783	2,132,159	3,543,866
Less: Debt Discount	<u>(56,400)</u>	<u>(39,616)</u>	<u>(312,359)</u>	<u>(408,375)</u>
Loan, Net of Discount	<u>\$ 948,500</u>	<u>\$ 365,167</u>	<u>\$ 1,819,800</u>	<u>\$ 3,133,467</u>

The Company pays its installments as stated above, where the balance of the finance arrangement as of December 31, 2023, 2022 and 2021 were as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Debt, Current Portion	\$ 1,173,716	\$ 517,371	\$ 259,008
Debt, Net of Current Portion	<u>1,959,751</u>	<u>3,151,394</u>	<u>1,668,766</u>
	<u>\$ 3,133,467</u>	<u>\$ 3,668,765</u>	<u>\$ 1,927,774</u>

The carrying value of the obligations is shown net of total unamortized discount of \$408,375 in 2023. Amortization of the discount is reported in the income statement as amortization of buyer's fees.

9. ADVERTISING EXPENSES

Advertising costs for the years ended December 31, 2023, 2022 and 2021, were \$475,843, \$492,408, and \$365,572, respectively.

10. PAYCHECK PROTECTION PROGRAM (PPP) LOAN FORGIVENESS

The Company received a Paycheck Protection Program (PPP) loan of \$56,266 during the year ended December 31, 2021. The PPP loan was forgiven during the fiscal year December 31, 2021. The total amount of \$56,266 was reported as other income in the statements of operations.

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

11. LIQUIDITY

As of December 31, 2023, the Company had \$99,568 in cash and cash equivalents. This amount, while sufficient to satisfy its accounts payable of \$58,510, is not sufficient to meet its current debt obligations that total \$1,173,716 as of December 31, 2024. Management has evaluated the significance of these conditions. As described in Note 8, the Company's current debt obligations are primarily related to its agreement to sell its future tax preparation fees to a financial services company which collects certain fees in exchange for working capital without recourse. The agreement includes a clause specifying payment on or before April 30 of each year, but ultimately indicates any payment, less than the amount scheduled to be received shall be added onto the following year's future fees. Thus, there is no time period during which the purchased amount of future fees must be collected by the financial services company. As the Company is not obligated to make payments within a specific time period, management may unilaterally elect to defer such payments to the benefit of continued operations of the Company. Management's plans to fund operations also include selling its notes receivable on an ongoing basis and modifying operations to increase efficiencies, reduce costs, and increase franchise sales. Management believes that this plan enables the Company to meet its obligations for the twelve-month period from the date the financial statements are available to be issued.

12. COMMITMENTS

Lease as Lessee

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities with terms longer than twelve months. During 2022, the Company evaluated the impact of this standard on its financial statements and determined that it did not have any lease that meets the requirement to recognize a right-of-use asset and liability because the Company did not have any long-term leases in 2022.

The Company leases a printer under operating leases with up to five-year initial terms for the monthly amount of \$182. The lease expires December 2027. The Company has several leases with terms of 12 or fewer months beginning from the commencement date. The Company makes an accounting policy election to not record an asset and liability on the commencement date due to the short term of these leases.

For any new lease, the Company, at the inception of the contract, determines whether a contract is or contains a lease. The Company records right-of-use (ROU) asset and lease obligation for its operating lease, which is initially recognized based on the discounted future lease payments over the term of the lease.

The lease agreement does not include any renewal options or purchase options. The lease agreement also does not include any material residual value guarantees or restrictive covenants.

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

12. COMMITMENTS (Continued)

Lease as Lessee (Continued)

The following summarizes the line items in the balance sheet which include amounts for operating leases as of December 31, 2023:

Assets:

Operating lease right-of-use assets	\$ <u>7,934</u>
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Liabilities:

Current portion of long-term debt and operating lease liabilities	\$ 1,841
Operating lease liabilities	<u>6,093</u>

Total Operating Lease Liabilities	\$ <u>7,934</u>
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The components of operating lease expenses that are included in “General and Administrative Expenses” in the statement of income for the year ended December 31, 2023 were as follows:

Operating Lease Cost	\$ 2,187
Short-Term Lease Cost	<u>69,141</u>

Total Lease Cost	\$ <u>71,328</u>
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The following summarizes the cash flow information related to operating leases for the year ended December 31, 2023:

Cash Paid for Amounts Included in the Measurement of Lease Liabilities:

Operating cash flows for operating leases	\$ <u>2,187</u>
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Lease Assets Obtained in Exchange for Lease Liabilities:

Operating leases	\$ <u>9,727</u>
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Since the rate implicit in the Company’s leases is not readily determinable, the Company elected the risk-free rate based on the ten-year long-term average Treasury Rate, in calculating the present values of the sum of lease payments.

Weighted average lease term and discount rate as of December 31, 2023 were as follows:

Weighted Average Remaining Lease Term – Operating Leases (in Years)	4
Weighted Average Discount Rate – Operating Leases	4.88%

TORO TAXES FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

12. COMMITMENTS (Continued)

Lease as Lessee (Continued)

The maturities of operating lease liabilities as of December 31, 2023, were as follows:

<u>Year Ending December 31</u>	<u>Operating Leases</u>
2024	\$ 2,187
2025	2,187
2026	2,187
2027	<u>2,187</u>
Total Lease Payments	8,748
Less: Interest	<u>(814)</u>
Present Value of Lease Liability	7,934
Less: Current Portion	<u>(1,841)</u>
Total Long-Term Portion	<u><u>\$ 6,093</u></u>



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT E
AREA REPRESENTATIVE AGREEMENT



Toro Taxes Franchise, LLC

AREA REPRESENTATIVE AGREEMENT

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
1. <u>DEFINITIONS AND TERMS</u>	2
2. <u>AREA REPRESENTATIVE GRANT AND OBLIGATIONS</u>	12
2.1 <u>GRANT AND AREA REPRESENTATIVE OBLIGATIONS</u>	12
2.2 <u>TERM</u>	12
2.3 <u>AREA REPRESENTATIVE BUSINESS</u>	13
2.4 <u>RESERVATION OF RIGHTS</u>	13
2.5 <u>MODIFICATION OF SYSTEM</u>	14
2.6 <u>OWNERSHIP OF CORPORATE ENTITY</u>	14
2.7 <u>NON-TRANSFERABLE BY AREA REPRESENTATIVE</u>	14
2.8 <u>INDEPENDENT CONTRACTORS AND NO JOINT EMPLOYER RELATIONSHIP</u>	15
3. <u>AREA REPRESENTATIVE’S OBLIGATIONS, DUTIES, AND OPERATION OF THE AREA REPRESENTATIVE BUSINESS</u>	15
3.1 <u>AREA REPRESENTATIVE OFFICE</u>	15
3.2 <u>COMMENCEMENT OF AREA REPRESENTATIVE BUSINESS</u>	16
3.3 <u>AREA REPRESENTATIVE OPERATIONS, SERVICES AND ON-GOING OBLIGATIONS</u>	16
3.4 <u>AREA REPRESENTATIVE TRAINING</u>	17
3.5 <u>THIRD PARTY FRANCHISE SALES AGENTS AND FRANCHISE SALES AGENT FEES</u>	17
3.6 <u>FRANCHISE SALES LISTINGS AND FRANCHISE SHOWS</u>	18
3.7 <u>NO AUTHORITY TO AWARD FRANCHISES OR ENTER INTO ANY AGREEMENTS AND NO RIGHTS AS A THIRD PARTY BENEFICIARY</u>	18
3.8 <u>FRANCHISOR’S RIGHTS REGARDING INSPECTIONS AND FRANCHISOR’S EXCLUSIVE RIGHT TO TAKE ACTION UNDER A FRANCHISE AGREEMENT</u>	19
3.9 <u>FRANCHISOR’S DESIGNATED FACILITIES AND EVENTS</u>	19
3.10 <u>DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS</u>	20
3.11 <u>FDD REGISTRATION, DISCLOSURE AND COMPLIANCE OBLIGATIONS</u>	20
3.12 <u>ADVERTISING, RECRUITING, SCREENING, AND APPROVALS</u>	21
3.13 <u>AREA REPRESENTATIVE STAFFING AND EMPLOYEE RELATIONSHIPS</u>	22
3.14 <u>IMAGE RELEASE</u>	22
3.15 <u>RELOCATION</u>	22
4. <u>DEVELOPMENT QUOTA, AREA REPRESENTATIVE TERRITORY FEE, AND DEVELOPMENT SCHEDULE</u>	23
4.1 <u>DEVELOPMENT QUOTA AND DEVELOPMENT PERIOD QUOTA DEVELOPMENT OBLIGATIONS</u>	23
4.2 <u>AREA REPRESENTATIVE TERRITORY FEE</u>	23
4.3 <u>DEVELOPMENT SCHEDULE</u>	23
4.4 <u>REASONABLENESS OF DEVELOPMENT SCHEDULE</u>	24
5. <u>CONTINGENT AREA REPRESENTATIVE COMMISSIONS</u>	24
5.1 <u>INITIAL NET FRANCHISE FEE COMMISSION</u>	24
5.2 <u>AREA REPRESENTATIVE ROYALTY COMMISSION</u>	25
5.3 <u>ADDITIONAL COMMISSION CONDITIONS</u>	25
6. <u>AREA REPRESENTATIVE TRAINING AND OPERATING ASSISTANCE</u>	26
6.1 <u>AREA REPRESENTATIVE INITIAL TRAINING</u>	26
6.2 <u>REPLACEMENT TRAINING</u>	26
6.3 <u>SEMINARS AND ON-GOING TRAINING</u>	27
6.4 <u>FRANCHISOR’S OPERATING ASSISTANCE</u>	27
6.5 <u>OPERATIONS MANUAL</u>	28
7. <u>AREA REPRESENTATIVE’S RESTRICTIVE COVENANTS AND OBLIGATIONS</u>	28
7.1 <u>NECESSITY FOR RESTRICTIVE COVENANTS</u>	29
7.2 <u>RESTRICTIVE COVENANTS: KNOW-HOW</u>	29
7.3 <u>RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION</u>	29

7.4	<u>RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS</u>	30
7.5	<u>RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS</u>	30
7.6	<u>IMMEDIATE FAMILY MEMBERS</u>	30
7.7	<u>REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS</u>	31
7.8	<u>BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS</u>	31
8.	<u>LICENSED MARKS, SYSTEM AND INNOVATIONS TO SYSTEM</u>	32
8.1	<u>OWNERSHIP AND GOODWILL</u>	32
8.2	<u>USE OF THE LICENSED MARKS</u>	32
8.3	<u>NOTIFICATION OF INFRINGEMENT AND CLAIMS</u>	32
8.4	<u>DISCONTINUANCE OF USE OF LICENSED MARKS</u>	33
8.5	<u>OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND CUSTOMER INFORMATION</u>	33
9.	<u>OPERATING STANDARDS</u>	34
9.1	<u>OPERATING STANDARDS</u>	34
9.2	<u>COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES</u>	34
9.3	<u>ACCURACY OF INFORMATION</u>	34
9.4	<u>NO FINANCIAL PERFORMANCE REPRESENTATIONS</u>	35
9.5	<u>NOTIFICATION OF LITIGATION</u>	35
9.6	<u>OWNERSHIP AND MANAGEMENT</u>	35
9.7	<u>NO CONFLICTS OF INTEREST AND CONTINUED PERFORMANCE BY AREA REPRESENTATIVE</u>	35
9.8	<u>INSURANCE</u>	35
9.9	<u>ADVERTISING AND MARKETING MATERIALS</u>	36
9.10	<u>ACCOUNTING, BOOKKEEPING AND RECORDS</u>	36
9.11	<u>REPORTS</u>	36
9.12	<u>COMPUTERS AND BUSINESS MANAGEMENT</u>	37
9.13	<u>INSPECTIONS AND AUDITS BY FRANCHISOR</u>	37
10.	<u>TRANSFER OF INTEREST</u>	37
10.1	<u>BY THE FRANCHISOR</u>	37
10.2	<u>AREA REPRESENTATIVE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL</u>	38
10.3	<u>CONDITIONS FOR APPROVAL OF TRANSFER</u>	38
10.4	<u>DEATH OR DISABILITY OF OWNER</u>	40
10.5	<u>TRANSFER TO WHOLLY OWNED CORPORATE ENTITY</u>	41
10.6	<u>FRANCHISOR'S RIGHT OF FIRST REFUSAL</u>	41
11.	<u>LIMITED RENEWAL OF PARTIAL AREA REPRESENTATIVE RIGHTS</u>	42
11.1	<u>AREA REPRESENTATIVES LIMITED RENEWAL RIGHTS</u>	42
11.2	<u>RENEWAL NOTICE OBLIGATIONS</u>	42
11.3	<u>AREA REPRESENTATIVE'S LIMITED RIGHTS UPON RENEWAL DURING THE RENEWAL TERM</u>	42
11.4	<u>CONDITIONS FOR RENEWAL</u>	43
12.	<u>DEFAULTS AND REMEDIES</u>	43
12.1	<u>TERMINATION BY FRANCHISOR</u>	43
12.2	<u>TERMINATION BY AREA REPRESENTATIVE</u>	47
12.3	<u>FRANCHISOR'S OTHER REMEDIES</u>	48
12.4	<u>GUARANTY</u>	49
12.5	<u>NOTICE OF LEGAL PROCEEDINGS AGAINST FRANCHISOR</u>	49
13.	<u>OBLIGATIONS UPON TERMINATION, EXPIRATION, AND CONTINUING OBLIGATIONS</u>	49
13.1	<u>PAYMENT OF AMOUNTS OWED TO FRANCHISOR</u>	49
13.2	<u>CEASE OPERATIONS, USE OF SYSTEM AND PROTECTION OF THE SYSTEM</u>	49
13.3	<u>CONTINUING OBLIGATIONS</u>	50
14.	<u>ENFORCEMENT, CONSTRUCTION AND INDEMNIFICATION</u>	51
14.1	<u>SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS</u>	51

14.2	<u>WAIVER OF OBLIGATIONS</u>	52
14.3	<u>FORCE MAJEURE</u>	52
14.4	<u>SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF</u>	52
14.5	<u>RIGHTS OF PARTIES ARE CUMULATIVE</u>	53
14.6	<u>GOVERNING LAW</u>	53
14.7	<u>CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION</u>	53
14.8	<u>VARIANCES</u>	55
14.9	<u>LIMITATIONS OF CLAIMS</u>	55
14.10	<u>WAIVER OF PUNITIVE DAMAGES</u>	56
14.11	<u>WAIVER OF JURY TRIAL</u>	56
14.12	<u>BINDING EFFECT</u>	56
14.13	<u>COMPLETE AGREEMENT</u>	56
14.14	<u>ATTORNEY FEES AND EXPENSES</u>	57
14.15	<u>WAIVER OF CLASS-ACTION: INDIVIDUAL DISPUTE RESOLUTION AND NO MULTI-PARTY ACTIONS</u>	57
14.16	<u>ACCEPTANCE BY FRANCHISOR</u>	57
14.17	<u>OPPORTUNITY FOR REVIEW BY AREA REPRESENTATIVE’S ATTORNEY, RISK WARNING, AND ACKNOWLEDGMENT OF NO PROMISES BY FRANCHISOR</u>	57
14.18	<u>NO PERSONAL LIABILITY BY FRANCHISOR’S EMPLOYEES, OFFICERS AND/OR AUTHORIZED AGENTS</u>	58
14.19	<u>NON-UNIFORM AGREEMENTS</u>	58
14.20	<u>NO RIGHT TO OFFSET BY AREA REPRESENTATIVE</u>	58
14.21	<u>HEADINGS</u>	59
14.22	<u>AUTHORITY TO EXECUTE AND BIND</u>	59
14.23	<u>COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES</u>	59
14.24	<u>JOINT AND SEVERAL LIABILITY</u>	59
14.25	<u>INDEMNIFICATION OF FRANCHISOR BY AREA REPRESENTATIVE</u>	59
14.26	<u>RECITALS AND REPRESENTATIONS</u>	59
15.	<u>NOTICES</u>	59

Schedules and Exhibits

Schedule 1: Area Representative Territory

Schedule 2: Area Representative Territory Fee, Development Quota, and Development Schedule

Schedule 3: Statement of Area Representative’s Owners

Exhibit 1: Area Representative Owners and Spouse Agreement and Guaranty

Exhibit 2: Confidentiality Agreement

TORO TAXES AREA REPRESENTATIVE AGREEMENT

THIS AGREEMENT (the “Agreement”) is entered into as of the Effective Date (defined below), by and between Toro Taxes Franchise, LLC, a Nevada limited liability company with a principal place of business located at 6130 Elton Avenue, Las Vegas, Nevada 89107, (hereinafter referred to as “Franchisor,”) and [[_____]] (hereinafter referred to as “Area Representative”).

RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the “System”) for the establishment, development and operation of a business that offers and provides: (i) individual income tax preparation, filing and related services for individuals; and (ii) business division services that include income tax preparation services, bookkeeping and related administrative services for businesses and other services and products that we authorize (the “System Products and Services”) under the Licensed Marks (defined below) (each, a “Franchised Business”, Business”, or “Toro Taxes Business”);

WHEREAS, As part of the System, for qualified area representatives pursuant to the terms of Franchisor’s Area Representative Agreement, Franchisor has developed systems and procedures for the marketing and promotion of Toro Taxes Business franchise opportunities and Toro Taxes System franchisee training and operational support services (the “Area Representative Services”) and, as to those area representatives authorized to provide Area Representative Services under Franchisor’s Area Representative Agreement, the term System further includes Franchisor’s designated procedures, specifications, marketing plans, development strategies, equipment and supplies, confidential information and trade secrets for the development and operation of a business that offers and provides the Area Representative Services and provides a training center for Area Representative System Franchisees (an “Area Representative Business”);

WHEREAS, Area Representative has requested the non-exclusive license and right, pursuant to the terms and conditions of this Agreement, to develop and operate an Area Representative Business within a designated geographic area (the “Area Representative Territory”) and in accordance with a development schedule that must be strictly adhered to, with each Business within the Area Representative Territory being opened and operating in conformity with the System and Franchisor’s applicable Franchise Agreement between Franchisor and each authorized and approved franchisee (each, a “Franchise Agreement”) within the Area Representative Territory; and

WHEREAS, As a condition to and requirement for providing the Area Representative Services, Area Representative – as a franchisee pursuant to a separate Toro Taxes Business Franchise Agreement – is required to establish and, at all times, own and operate a training facility and for the purpose of carrying-out and performing the Area Representative Services Latinx Entrepreneur Training Center, which may be operated from an AR Owned Unit if Area Representative elects to enter into a single unit Franchise Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties do hereby agree, as follows:

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SECTION 1

DEFINITIONS AND TERMS

Supplementing the definitions contained in the Recitals, above, the following terms will have the meaning as defined below and/or as supplemented below:

“Abandon” refers to and means the conduct of Area Representative, including acts of omission as well as commission, indicating the willingness, desire or intent of Area Representative to discontinue the day-to-day operations of the Area Representative Business.

“AR Owned Unit” refers to a single unit Toro Taxes franchise established and operated by Area Representative during the Term of the Area Representative Agreement.

“Area Representative Affiliates” refers to and mean, individually and/or collectively: (a) if Area Representative is a Corporate Entity, each current and, if applicable, prior Owner of Area Representative; (b) if Area Representative is an individual or individuals, each individual identified as an Area Representative; (c) a Corporate Entity that is in any way owned or controlled by an Owner or prior Owner irrespective of the percentage of ownership or control; and (d) a Corporate Entity that is in any way owned or controlled by any individual identified as an Area Representative and/or their spouses.

“Area Representative Business” shall have the meaning set forth in the Recitals and shall further refer to and mean the business to be operated by Area Representative pursuant to the terms and conditions of this Agreement.

“Area Representative Initial Training Program” shall have the meaning defined and set forth in Section 6.1 of this Agreement.

“Area Representative Office” refers to and means the commercial office space utilized by Area Representative for the operation of the Area Representative Business.

“Area Representative Owner and Spouse Guaranty” refers to and means the form of agreement attached to this Agreement as Exhibit 1.

“Area Representative Royalty Commission” refers to and means the on-going contingent fees payable during the Initial Term of this Agreement by Franchisor to Area Representative within 30 days of Franchisor’s receipt of a Royalty Fee. The Area Representative Royalty Commission shall be equal to 25% of the Royalty Fee (on both individual tax returns and Business Services) from Area Representative System Franchisees and is contingent on Area Representative’s compliance with the terms and conditions of this Agreement. The Area Representative Royalty Commission is applicable and payable only during the Initial Term of this Agreement and, if applicable, the Renewal Term and is not payable or due to Area Representative in connection with Royalty Fees paid by Area Representative and/or Area Representative Affiliates. Area Representative agrees that Franchisor may waive or reduce any Area Representative System Franchisee’s royalties and/or royalty rate in Franchisor’s sole discretion and, in doing so, Area Representative shall not be entitled to any additional compensation.

“Area Representative Services” shall have the meaning set forth in the Recitals and shall further refer to, mean and include, individually and collectively, Area Representatives ongoing performance of the Referral Services, Site Services, Pre-Opening and Opening Services, On-Going Support Services, Franchisee Relationship Services, and Inspection Services. All Area Representative Services must be performed by

Area Representative for the benefit of Franchisor and subject to Franchisor's standards and specifications which Franchisor may modify from time to time in Franchisor's discretion.

"Area Representative System Franchisee" refers to and means a Franchisee that enters into a Franchise Agreement with Franchisor (where the Franchise Agreement is executed by Franchisor and franchisee and where all initial fees have been paid to Franchisor) during the Initial Term of this Agreement where the Franchise Agreement provides for a Business to be developed and operated within the Area Representative Territory and, where the Franchisee develops and opens a Business within the Area Representative Territory in accordance with the terms of the Franchise Agreement.

"Area Representative Territory" refers to and means the geographic area identified and described in Schedule 1 to this Agreement.

"Area Representative Territory Fee" refers to and means the area representative territory fee to be paid by Area Representative to Franchisor in the amount identified and set forth in Schedule 2 of this Agreement.

"Assignee Corporate Entity" shall have the meaning defined and set forth in Section 10.5 of this Agreement.

"Authorized Franchise Sales Agent" refers to and means a Franchise Sales Agent authorized by Franchisor in writing and as to the Area Representative Territory.

"Business" shall have the meaning set forth in the Recitals and shall further refer to and mean all Businesses operating under the System and Licensed Marks, whether owned by Franchisor, Franchisor's affiliates or Franchisor's franchisees.

"Business Location" refers to and means the fixed retail locations from which Toro Taxes Businesses are established, operated and managed including, but not limited to, the sale of System Products and Services.

"Business Management System" refers to and means the software, internet, web based and/or cloud based system or systems, and customer relationship management system or systems as same may be individually or collectively designated by Franchisor, in Franchisor's discretion, as being required for use in the Area Representative Business, including, but not limited to, the day-to-day management and performance of the Area Representative Services. Without limitation to the foregoing, the Business Management System may include web based, private server based, network based and/or cloud based systems. At all times Franchisor shall possess direct live access and storage based access to the Business Management System for the Area Representative Business and to Area Representative's Business Management System Data.

"Business Management System Data" refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Area Representative; (b) is entered (whether by Franchisor or Area Representative) into the Business Management System; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Area Representative Business.

"Commissions" shall have the meaning defined and set forth in Section 5.3 of this Agreement.

"Competitive Business" refers to and means any business that is the same as or similar to the Area Representative Business as it relates to (a) a business that is the same as or similar to a Toro Taxes Business, or (b) a franchise development and/or support business that is that is engaged in marketing, selling and/or supporting business franchises and/or outlets.

“Confidential Information” refers to and means all of Franchisor’s and/or Franchisor’s affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the Area Representative Business; (b) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of Businesses; (c) information concerning franchisee and prospective franchisee consumer preferences for Business franchises, and specifications for and knowledge of suppliers of certain materials, franchise sales marketing strategies, budgets, marketing channels, sales data; (d) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by Businesses; (e) information concerning Toro Taxes franchisees, prospective Toro Taxes franchisees, email lists, database lists, product sales, operating results, financial performance and other financial data of Businesses and/or the Area Representative Business; (f) customer lists and information related to Businesses and/or the Area Representative Business; (g) Business Management System Data; (h) current and future information contained in the operations manual; and (i) Know-How.

“Confidentiality Agreement” refers to and means the form of Confidentiality Agreement attached to this Agreement as Exhibit 2.

“Controlling Interest” shall exist for the following individuals, Owners, partners and/or entities: (a) (If Area Representative is a corporation) a controlling interest shall exist for such shareholders and Owners of the voting shares of stock of Area Representative as (i) shall permit voting control of Area Representative on any issue and/or (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (b) (If Area Representative is a general partnership) a controlling interest shall exist for such partners and Owners that possess a managing partnership interest or such percentage of the general partnership interests in Area Representative as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (c) (If Area Representative is a limited partnership) a controlling interest shall exist for such partners and Owners that possess a general partnership interest; and (d) (If Area Representative is a limited liability company) a controlling interest shall exist for such members and Owners that possess a percentage of the membership interests as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

“Copyrights” refers to and means all works and materials for which Franchisor or any affiliate of Franchisor has secured common law or registered copyright protection and Franchisor utilizes and/or allows Area Representative System Franchisees and/or Area Representatives to use, sell or display in connection with the development, marketing and/or operation of a Business and/or Area Representative Business, whether as of the Effective Date of this Agreement or any time in the future.

“Corporate Entity” refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“Development Business” refers to and means a Business developed and operated by an Area Representative System Franchisee and/or Area Representative within the Area Representative Territory during the Initial Term of this Agreement and in compliance with the terms and conditions of each respective Business Franchise Agreement.

“Development Franchise Agreement” refers to and means a fully executed Franchise Agreement for the establishment and operation of a Development Business that is fully executed by Franchisor and a franchisee approved by Franchisor, where the initial franchise fee has been satisfied and paid in full (, and where the Franchise Agreement is in full force and effect.

“Development Period” refers to and means, as applicable, each period of time designated and identified in the Development Schedule attached to this Agreement as Schedule 2. There are multiple Development Periods and as to each Development Period, Area Representative possesses specific Development Period Quota Development Obligations.

“Development Period Quota Development Obligations” refers to and means, pursuant to the Development Schedule and as to each and every Development Period, the required (a) number of Development Business Franchise Agreements that must be signed during a particular Development Period in accordance with the terms of this Agreement and the respective Franchise Agreement, and (b) number of Development Businesses that must be open and in operation (in accordance with the terms of each respective Development Business Franchise Agreement) within the Area Representative as of the last day of the last calendar month for the particular Development Period. Area Representatives Development Quota Obligations, as to each and every Development Period that is identified in the Development Schedule, are separate and apart from one another and represent independent obligations.

“Development Quota” refers to and means, in aggregate, the number of Development Businesses that must be established and in operation within the Area Representative Territory during the Initial Term of this Agreement and in accordance with the Development Schedule. Area Representative’s Development Quota is specifically identified and set forth in Schedule 2 of this Agreement.

“Development Schedule” refers to and means the development schedule identified, defined and set forth in Schedule 2 of this Agreement.

“Digital Media” refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to, Businesses, the Area Representative Business, the Licensed Marks, the System and/or Franchisor. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Area Representative Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“Discount End Date” shall have the meaning defined and set forth in Section 5.1 of this Agreement.

“Effective Date” refers to and means the date this this Agreement is signed and executed by Franchisor.

“FDD” refers to and means a Franchise Disclosure Document.

“Financial Performance Representation” refers to and means any written or oral statement, presentation, depiction, pro forma, display or communication referencing and/or including information as to the financial performance of Toro Taxes Businesses, the potential financial performance of Toro Taxes Businesses,

and/or any other financial information respecting and/or relating to a Toro Taxes Business including, but not limited to, revenue, gross sales, costs, expenses, and profit.

“Franchise Agreement” refers to and means Franchisor’s individual unit Business Franchise Agreement as designated and determined by Franchisor from time to time and as may be modified by Franchisor, in Franchisor’s sole discretion, from time to time and including all exhibits and schedules including exhibits, riders, collateral assignments of lease or sublease, and personal guarantees designated by Franchisor. Franchisor shall exclusively determine the form the Franchise Agreement, the terms of the Franchise Agreement and whether or not Franchisor elects to modify the terms of the Franchise Agreement including, but not limited to franchise fees, royalties, territories and other legal rights.

“Franchise Fee” refers to and means the initial one-time franchise fee paid by an Area Representative System Franchisee to Franchisor at the time of signing a Business Franchise Agreement and occurring during the Initial Term of this Agreement. For purposes of clarification, the Franchise Fee is comprised of that portion of the initial fee disclosed in Item 5 of the applicable Business System FDD upon which the Franchise Agreement is based but does not include any Item 5 disclosed fees associated with the Franchisee’s purchase of initial inventory or other pre-opening purchases required by the Franchisee and paid to Franchisor or Franchisor’s affiliates. All determinations as to the Franchise Fee including, but not limited to, the amount of the Franchise Fee and modifications of the Franchise Fee shall be made by Franchisor in Franchisor’s discretion. Without limitation to the foregoing, as between Franchisor and Area Representative the term Franchise Fee does not include fees paid to Franchisor in connection with the transfer of an existing Business.

“Franchise Sales Agent” refers to and means third party franchise brokers, consultants, business coaches and/or agents (whether or not specially licensed and/or certified in franchise sales) solicit and/or introduce franchisors to qualified franchisee lead prospects and/or perform and/or provide services in support of or in furtherance to the Referral Services. Franchise Sales Agents do not include employees, members, managers, officers, agents, and/or independent contractors of Area Representative.

“Franchise Sales Agent Fee” refers to and means all fees and expenses charged, directly or indirectly, to Franchisor in connection with services performed by a Franchise Sales Agent.

“Franchise Sales Listings” refers to and means print and web based franchise listing services and portals that market and promote franchise opportunities and/or procure and distribute franchise sales leads.

“Franchise Shows” refers to and means tradeshows and events that promote the sale of franchises and franchise opportunities.

“Franchisee” refers to and means any individual or Corporate Entity that has been approved by Franchisor and has entered into and is a party to a Franchise Agreement with Franchisor. As to this Agreement the term Franchisee does not refer to or mean Area Representative.

“Franchisee Initial Training Program” refers to and means Franchisor’s then current initial training program for Toro Taxes single unit franchises.

“Franchisee Relationship Services” refers to and means providing services for and on behalf of Area Representative System Franchisees wherein Area Representative, subject to the direction and instruction of Franchisor, shall be delegated certain obligations of Franchisor, as such obligations of Franchisor may exist pursuant to the Franchise Agreement(s) for each respective Area Representative System Franchisee. In this regard, Area Representative acknowledges and agrees that, among other things, Area Representative,

pursuant to the written instruction of Franchisor and/or the operations manual, shall be delegated certain obligations and take such actions on behalf of Franchisor, as designated by Franchisor.

“Franchisee Training Program” refers to and means the initial training program designated by Franchisor for single unit franchisees.

“Immediate Family” refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

“Initial Net Franchise Fee Commission” refers to and means the one-time fee payable during the Initial Term of this Agreement by Franchisor to Area Representative at fixed quarterly intervals. The Initial Net Franchise Fee Commission shall be equal to 100% of the Net Franchise Fee and is contingent on Area Representative’s compliance with the terms and conditions of this Agreement. The Initial Net Franchise Fee Commission is applicable and payable only during the Initial Term of this Agreement and is not payable or due to Area Representative in connection with Franchise Fees paid by Area Representative and/or Area Representative Affiliates. The Initial Net Franchise Fee Commission shall be as set forth in Section 5.1 of this Agreement and is contingent upon Area Representative’s compliance with the terms and conditions of this Agreement.

“Initial Term” refers to and means the period of time set forth and defined in Section 2.2 of this Agreement.

“Inspection Services” refers to and means calendar year quarterly in-depth on-site field inspections to be performed by area Representative as to each and every aspect of each Area Representative System Franchisee’s Business with such inspection to be performed in accordance with Franchisor’s standards and specifications in compliance with Franchisor’s written reporting requirements as to Area Representative System Franchisee Businesses.

“Know-How” refers to means Franchisor’s trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Business and/or Area Representative Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the operations manual and the Confidential Information.

“Latinx Entrepreneur Training Center” shall have the meaning set forth in the recitals.

“Licensed Marks” shall have the meaning set forth in the Recitals and shall further refer to and means such service marks, trademarks, trade dress, trade names, logos, commercial symbols and all configurations and derivations thereof, as may presently exist, or which may be modified, changed, or acquired by Franchisor or Franchisor’s affiliates, in connection with the development and operation of Businesses and/or otherwise designated by Franchisor to be used in conformity with the System.

“Managing Owner” if Franchisee is a partnership or Corporate Entity, the Managing Owner shall be the Owner responsible for the day to day oversight, management and operation of the Area Representative Business. The Managing Owner must possess and maintain an ownership and equity interest in the Area Representative such that said individual owns, holds and controls not less than 25% of the equity and ownership interests in Area Representative. At all times the Managing Owner must manage the operations of the Area Representative Business.

“Measurement Period” refers to each consecutive 12 month period immediately following the Actual Business Commencement Date as set forth in the table below.

Measurement Period (Year of Operation)
Months 0 to 12
Months 13 to 24
Months 25 to 36
Months 37 to 48
Months 49 to 60
Months 61 to 72
Months 73 to 84
Months 85 to 120

“Net Franchise Fee” refers to and means the Franchise Fee less any amounts that Franchisor pays to any Franchise Sales Agents or that is payable by Franchisor to any Franchise Sales Agents. All determinations as to whether or not any amount is due or payable to a Franchise Sales Agent shall be exclusively determined by Franchisor.

“Non-Compliance Event” shall have the meaning defined and set forth in Section 3.11 of this Agreement.

“Non-Compliance Fee” refers to and means a fee payable by Franchisee in an amount equal to the amount of fees, costs and expenses that Franchisor incurs respecting the enforcement of Franchisor’s rights under this Agreement in response to a default by Franchisee and/or Franchisee’s breach of the terms or conditions of this Agreement. Said costs and expenses shall include any and all reasonable administrative fees, legal fees, mediation and mediator fees, arbitration and arbitrator fees, legal disbursements, mediation disbursements, arbitration disbursements, consultant fees, expert fees, accounting fees and filing fees. Recoverable legal fees also includes legal fees and charges incurred by Franchisor with Franchisor’s outside legal counsel and the reasonable costs incurred by Franchisor as to Franchisor’s in-house legal staff.

“Offer” shall have the meaning defined and set forth in Section 10.6 of this Agreement.

“On-Going Support Services” refers to and means providing Area Representative System Franchisees on-going support, consultations, training, inspections and advice, as directed and required by Franchisor and in accordance with Franchisor’s standards and specifications including, but not limited to, Area Representative’s on-going obligation to: (a) provide Area Representative System Franchisees with on-going consultation and advise as to the operations of a Business in conformity with the requirements of the System Area Representative System Franchisees with monthly on-site consultation and/or telephone consultations evaluating Business performance, compliance with Franchisor’s standards and specifications and advice and guidance regarding Franchisor’s System requirements; (b) provide Area Representative System Franchisees with ongoing updates of information, industry regulations, System training requirements, and programs regarding System Products and Services, business operations in general, Toro Taxes Businesses, and the System, including, without limitation, information about special or new services offered by Franchisor; (c) provide Area Representative System Franchisees with on-going advice in assisting Area Representative System Franchisees in improving the operations and performance of Area Representative

System Franchisee Businesses including, but not limited to, advertising, marketing, financial controls, operational controls, and customer service; (d) as to each and every Area Representative System Franchisee Business, conduct a monthly on-site quality and service inspection at the location of each Area Representative System Franchisee Business and, following such inspection, to prepare written inspection reports that conform to Franchisor's; (e) provide Area Representative System Franchisees with access to Franchisor's approved advertising and promotional materials as may be developed by Franchisor periodically; (f) assist with the establishment and implementation of advertising cooperatives that Franchisor may or may not authorize for Area Representative System Franchisees; (g) provide and submit Franchisor with detailed reports, as designated by Franchisor but not less frequently than months, concerning the performance and operation of Area Representative System Franchisees and their respective compliance with the System; and (h) take such action as Franchisor shall reasonably request to ensure and monitor Area Representative System Franchisee compliance with the terms and conditions of each Area Representative System Franchisees' obligations under their respective Franchise Agreements.

"Operations Manual" refers to and means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of an Area Representative Business and/or Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of Area Representative Businesses. The operations manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor's discretion, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means.

"Owner" refers to and means collectively, individually and jointly: (a) the officers and directors of Area Representative (including the officers and directors of any general partner of Area Representative) who hold an ownership interest in Area Representative; (b) the managing member or manager of Area Representative, if Area Representative is a limited liability company; and (c) all holders of a 5% or more direct or indirect ownership interest in Area Representative and/or of any entity directly or indirectly controlling Area Representative. Area Representative's Owners are identified in Schedule 3 to this Agreement.

"Post-Term Restricted Period" refers to and means the two year period after the earliest to occur of the following: (a) the expiration, without renewal, or termination of this Agreement for any reason; or (b) the date on which Area Representative Transfers this Agreement to another person or Corporate Entity.

"Pre-Opening and Opening Services" refers to and means: (a) providing Area Representative System Franchisees with Franchisor's then current standards and guidelines for the development and opening of Businesses including, but not limited to, System Build-Out Requirements, and System Products and Services; (b) providing Area Representative System Franchisee's assistance and guidance in carry-out and complying with Franchisor's System Build-Out Requirements; (c) providing Area Representative System Franchisees with initial franchisee training as may be designated by Franchisor from time to time and as Franchisor may require, at Franchisor's election, to be performed by Area Representative from a training facility located within the Area Representative Territory and including the Area Representative Business and/or facilities designated by Franchisor anywhere in the United States and outside the Area Representative Territory; (c) assisting Area Representative System Franchisees in developing and implementing a grand-opening marketing plan in conformity with Franchisor's standards and specifications; and (d) inspecting and certifying each Area Representative System Franchisees' compliance with Franchisor's pre-opening and grand-opening requirements.

"Privacy Laws" shall have the meaning defined and set forth in Section 9.2 of this Agreement.

“Prohibited Activities” shall have the meaning defined and set forth in Section 7.4 of this Agreement.

“Published Content” refers to and means any and all information, data, articles, blog posts, press releases, frequently asked questions, special offers, product information, service information, web posts, videos and other information relating to or concerning the Area Representative Business, the System, Businesses and/or the Licensed Marks that is or was made available by Area Representative or Area Representative’s agents to the public in print or electronic media that is published, listed, made available, uploaded on, downloaded to or posted to Digital Media.

“Reasonable Business Judgment” refers to our business judgment and means and relates to any and all decisions, actions and choices made by us concerning or relating to this Agreement, the Area Representative Agreement, the System, Toro Taxes Businesses, the Franchise Location, and/or the Franchised Business where we undertake or make such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining Designated Territory markets, minimizing potential customer confusion as to the location of Toro Taxes Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by us in our Reasonable Business Judgment that such decision, determination, action or choice made by us shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by us in our Reasonable Business Judgment that: (a) we possess a legitimate interest in seeking to maximize our profits; (b) we shall not be required to consider Franchisee’s individual economic or business interests as compared to the overall System; and (c) should we economically benefit from such decision, determination, action and/or choice that such economic benefit to us shall not be relevant to demonstrating that we did not exercise reasonable business judgment with regard to our obligations under the Franchise Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee’s or such third party’s judgment for our Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge our Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that we failed to exercise our Reasonable Business Judgment.

“Referral Services” refers to and means: (a) the marketing and promotion of Business franchises to prospective qualified franchisees located within the Area Representative Territory who are interested in developing, opening and operating a Business within the Area Representative Territory; (b) evaluating prospective single unit franchisee leads, applications and qualifications; (c) at the direction of Franchisor, conducting prospective single unit franchisee interviews, web-based and in-person information gathering sessions, franchise opportunity presentations, and discovery days; and (d) preparing and submitting periodic reports (not less than monthly), as directed by Franchisor and in a format determined by Franchisor, to Franchisor identifying Referral Services performed by Area Representative, identification of all prospective single unit franchisee leads that Area Representative communicated with and/or was contacted by, and identification of all qualified prospective single unit franchisee leads. All Referral Services shall be performed by Area Representative at Area Representative’s sole cost and expense. All Referral Services must be performed by Area Representative in accordance with the terms and conditions of this Agreement, and in compliance with all applicable laws including, but not limited to, federal and state franchise laws, business opportunity laws and all other laws that govern and/or relate to commercial relationships, the offer and sale of franchises and/or franchise relationships.

“Renewal Fee” the renewal fee is a fixed fee in the sum of \$25,000.

“Renewal Term” refers to and means the five year period that commences on the expiration of the Initial Term and continues, unless earlier terminated pursuant to the terms of this Agreement. The Renewal Term applies only if Area Representative is entitled to invoke and does invoke Area Representative’s renewal rights in accordance with the terms of this Agreement including, but not limited to, Section 11 of this Agreement.

“Reserved Rights” shall have the meaning set forth and defined in Section 2.4 of this Agreement.

“Restricted Territory” refers to and means the geographic area: (a) comprising Area Representative’s Area Representative Territory, and (b) a 25 mile radius surrounding Area Representative’s Area Representative Territory.

“Royalty Fee” refers to and means the net royalty fee paid by an Area Representative System Franchisee to Franchisor on System Products and Services during the Term of this Agreement and pursuant to and in accordance with the terms and conditions of the respective Business Franchise Agreement and less any special tax and/or assessment imposed by any federal, state and/or local government and/or entity. For purposes of clarification, the Royalty Fee is exclusively comprised of the “Royalty Fee” disclosed in Item 6 of the applicable Unit FDD, including the Business Division Services Royalty Fees, upon which the Franchise Agreement is based and does not include any other fees charges by Franchisor to an Area Representative System Franchisee including, but not limited to, brand development fees, national marketing fees, designated marketing area fees, local marketing fees, technology fees, call center fees, business management system fees, training fees, late charges, interest charges, audit fees, transfer fees, or renewal fees. Franchisor, in Franchisor’s sole discretion may modify, reduce, suspend and/or forgive payment of a Royalty Fee.

“Scheduled Business Commencement Date” refers to and means the date that occurs on the nine month anniversary of the Effective Date of this Agreement.

“Site Services” refers to and means: (a) providing Area Representative System Franchisees with Franchisor’s then current guidelines for the location and development of Businesses; (b) assisting Area Representative System Franchisees in identifying potential Business locations and sites; (c) assisting Area Representative System Franchisees in documenting their potential site selections and in organizing and submitting all required documentation and information as required by Franchisor and/or requested by Franchisor in connection with Franchisor’s review a potential Business location and/or site. Area Representative acknowledges and represents that Area Representative does not possess the authority to approve of a proposed site or Business location.

“Spouse” refers to and means the legal spouse of an Owner as of the Effective Date.

“System” shall have the meaning set forth in the Recitals and shall further refer to and, as to Area Representative, shall further refer to and means Franchisor’s standards, specifications, operating requirements and criteria respecting the development and operation of an Area Representative Business.

“System Build-Out Requirements” refers to and means Franchisor’s criteria and requirements for the build-out and construction of Businesses including Franchisor’s approved suppliers and Franchisor’s standards and specifications for Business design, furniture, fixtures and improvements, equipment, point of sale systems, grand-openings, and other requirements designated by Franchisor.

“System Products and Services” refers to and means those products and services that Franchisor authorize single unit franchisees to offer, sell and provide form Toro Taxes Businesses. Franchisor shall exclusively designate and determine the System Products and Services and Franchisor, in Franchisor’s discretion, may

change, modify, reduce or supplement the System Products and Services that must be offered and sold by Toro Taxes Businesses and those products and services that may not be sold by the Area Representative Business.

“System Website” refers to and means the web page and/or pages located on the world wide web at the www.torotaxes.com URL (uniform resource locator) and shall further include all webpages and subdomains relating to Businesses and/or the promotion, marketing and sale of Business franchises.

“Term” refers to and means: (a) the Initial Term, and (b) the Renewal Term, if Area Representative invokes Area Representative’s limited renewal rights as set forth in this Agreement including, but not limited to Section 11 of this Agreement.

“Toro Taxes Business” shall have the meaning set forth in the Recitals and shall further refer to and mean all Businesses operating under the System and Licensed Marks, whether owned by Franchisor, Franchisor’s affiliates and/or Franchisor’s franchisees.

“Transfer” refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.

“Transfer Fee” the transfer fee is a fixed fee in the sum of \$25,000.

SECTION 2

AREA REPRESENTATIVE GRANT AND OBLIGATIONS

2.1 GRANT AND AREA REPRESENTATIVE OBLIGATIONS

Within the Area Representative Territory, during the term of this Agreement and subject to Franchisor’s Reserved Rights, Franchisor grants to Area Representative the right, and Area Representative accepts the right and undertakes the obligation to develop and operate an Area Representative Business and to perform the Area Representative Services on behalf of Franchisor. Area Representative further agrees to perform and comply with each and every obligation set forth in this Agreement.

During the Initial Term of this Agreement Franchisor will not establish or license any other third party to operate an Area Representative Business within the Area Representative Territory provided, however, that, at all times, the rights granted to Area Representative are subject to Franchisor’s Reserved Rights.

2.2 TERM

Unless previously terminated pursuant to the terms of this Agreement, the term of this Agreement will be for a period of five years, commencing as of the Effective Date (the “Initial Term”). Provided that Area Representative satisfies the terms and conditions of this Agreement, including and subject to Section 11 of this Agreement, Area Representative may renew a portion of this Agreement for the Renewal Term.

2.3 AREA REPRESENTATIVE BUSINESS

Upon execution of this Agreement Area Representative shall have also entered into a Franchise Agreement for Area Representative's development, ownership and operation of an Area Representative Business. Commencing no later than 120 days from the Effective Date of this Agreement and continuing throughout the Term of this Agreement, Area Representative must own and operate an Area Representative Business in accordance with the terms and conditions of the Franchise Agreement for the Area Representative Business. As to Area Representative's Area Representative Business, Area Representative acknowledges and agrees that:

- (a) Commencing not later than 120 days from the Effective Date of this Agreement and at all times thereafter throughout the Term of this Agreement, Area Representative must own and operate not less than one Area Representative Business in accordance with the terms and conditions of the applicable Franchise Agreement; and
- (b) At all times Area Representative shall operate Area Representative's Area Representative Business(s) in accordance with the terms and conditions of the respective Franchise Agreement for each Area Representative Business. In the event that an Area Representative Business Franchise Agreement is terminated by Franchisor as a result of Area Representative's breach (as a franchisee) of an Area Representative Business Franchise Agreement, then such breach shall also constitute a default of this Agreement entitling Franchisor, among other things, to terminate this Agreement.

2.4 RESERVATION OF RIGHTS

Franchisor on behalf of itself, its affiliates and its assigns, retains all rights, on any and all terms and conditions that Franchisor deems advisable and without any compensation or consideration to Area Representative to engage in the following activities (the "Reserved Rights"):

- (a) operate and grant to others the right to develop and operate Businesses using the System and Licensed Marks at locations within the Area Representative Territory and outside the Area Representative Territory, as Franchisor deems appropriate and irrespective of the proximity to Area Representative's Area Representative Territory;
- (b) operate and grant to others the right to develop and operate an Area Representative Businesses using the System and Licensed Marks outside the Area Representative Territory, as Franchisor deems appropriate and irrespective of the proximity to Area Representative's Area Representative Territory;
- (c) acquire, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services and/or franchises that are the same as, or similar to, the Area Representative Business and/or Businesses, and after such acquisition, merger or affiliation to own and operate and to franchise, or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services and/or franchises that are the same as or similar to the Area Representative Business and/or the Businesses (but not utilizing the Licensed Marks) within the Area Representative Territory;
- (d) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services and/or franchises that are the same as, or similar to, the Area Representative Business and/or Businesses, even if such business or

businesses presently or, in the future, own and operate and franchise or license others to own and operate businesses that offer and sell products and services and/or franchises that are the same as or similar to the Area Representative Business and/or the Businesses (but not utilizing the Licensed Marks) within the Area Representative Territory;

(e) use the Licensed Marks and System to distribute System Products and Services and/or franchises offered and sold by the Area Representative Business and/or Businesses, or products and services and/or franchises similar to the Approved Products and Services and/or franchises offered and sold by the Area Representative Business and/or Businesses in alternative channels of distribution (including directly or indirectly through national media, internet, third party brokers, franchise sales companies, in-house commissioned salespersons and/or lead generation services) within or outside the Area Representative Territory;

(f) to directly or through third parties solicit prospective single unit franchisees and to grant franchises to operate Toro Taxes Businesses at such locations within and outside of the Area Representative Territory and on such terms and conditions as contained in the then current Franchise Agreement as Franchisor deems appropriate, and to own and operate such Toro Taxes Businesses within the Area Representative Territory;

(g) operate, and grant to others the right to own and operate a limited service and/or seasonal Toro Taxes branded kiosks located in third party businesses, both within and outside your Area Representative Territory; and

(h) use the Licensed Marks and System and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Agreement.

2.5 MODIFICATION OF SYSTEM

Franchisor, in Franchisor's discretion, reserves the right, at all times, to supplement, modify, alter and/or amend the System including any and/or all components of the System and the terms and conditions of the Franchise Agreements that may or may not be offered. Area Representative shall promptly comply with all such modifications to the System whether such modification results in the addition, subtraction, modification and/or enhancement to any and/or all components of the System. Franchisor shall provide Area Representative with a reasonable time period to comply with any change or modification to the System which shall be communicated to Franchisee by Franchisor including, but not limited to, communication through the operations manual.

2.6 OWNERSHIP OF CORPORATE ENTITY

If Area Representative is at any time a Corporate Entity, Area Representative represents that the information contained in Schedule 3 to this Agreement is true and accurate.

2.7 NON-TRANSFERABLE BY AREA REPRESENTATIVE

Area Representative agrees that Area Representative does not possess and shall not possess the right to franchise, sub-franchise, license, sublicense, assign and/or otherwise Transfer Area Representative's rights under this Agreement. The rights and privileges granted and conveyed to Area Representative in this Agreement may not be Transferred.

2.8 INDEPENDENT CONTRACTORS AND NO JOINT EMPLOYER RELATIONSHIP

Franchisor and Area Representative agree that this Agreement does not create a fiduciary relationship between Franchisor and Area Representative, Franchisor and Area Representative are independent contractors and nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose.

Area Representative agrees that it is the sole employer of its employees. Area Representative has the sole right to select, hire and discharge Area Representative's employees. Area Representative is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling and paying wages to, and withholding and paying taxes for Area Representative's employees. Area Representative, each Owner, each Spouse, and Area Representative's officers, directors, manager, agents, representatives, independent contractors and employees shall not be construed, considered, or represented as Franchisor's employees, representatives, or agents. Area Representative agrees that there is no joint employer relationship between Franchisor and Area Representative or Area Representative's employees. Area Representative's compliance with all federal, state and local labor laws rules and regulations shall be exclusively determined and managed by Area Representative. To the extent that the operations manual includes information, specifications, procedures, criteria and/or requirements as to employees of the Area Representative Business, such requirements shall be interpreted exclusively for the purpose of maintaining brand standards and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of "joint employer" and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the operations manual, the terms of this Agreement shall take precedence and govern.

SECTION 3

AREA REPRESENTATIVE'S OBLIGATIONS, DUTIES, AND OPERATION OF THE AREA REPRESENTATIVE BUSINESS

3.1 AREA REPRESENTATIVE OFFICE

Area Representative shall operate and manage the Area Representative Business from an Area Representative Office that: (a) is established and maintained by Area Representative at a commercial office location within the Area Representative Territory; (b) complies with the terms and conditions of this Agreement; (c) satisfies and meets Franchisor's standards and specifications; (d) is timely presented by Area Representative to Franchisor for approval as Franchisee's proposed Area Representative Office; (e) is approved by Franchisor as Area Representative's Area Representative Office; (f) is timely secured by Area Representative within 90 days of the Effective Date of this Agreement, as evidenced by a binding lease with a duration equal; (g) is and, at all times, shall be exclusively dedicated to the operation of the Area Representative Business; (h) is located within the Area Representative Territory; and (i) otherwise meets the terms and conditions of this Agreement and Franchisor's standards and specifications.

Area Representative will not lease, purchase or otherwise acquire a proposed Area Representative Office until such information as Franchisor may require as to the proposed Area Representative Office has been provided to Franchisor by Area Representative and, Franchisor has approved the office. Franchisor shall respond to Area Representative's request for approval of a proposed Area Representative Office within a reasonable time period but not exceeding 30 days following Franchisor's receipt, from Area Representative, of complete written information about Area Representative's proposed Area Representative Office. If

Franchisor rejects or disapproves Area Representative's proposed Area Representative Office, Area Representative must nevertheless identify and obtain Franchisor's approval of a proposed Area Representative Office within the time requirements set forth in this Agreement. Franchisor's disapproval of a proposed Area Representative Office shall not serve as a basis to extend any deadline or requirement set forth in this Agreement. If Area Representative does not elect to enter into a Franchise Agreement for an AR Owned Unit or elect to operate the AR Owned Unit and Area Representative Office from the same location, the Area Representative Office must also include a Latinx Entrepreneur Training Center meeting Franchisor's standards and specifications as set forth in the operations manual.

3.2 COMMENCEMENT OF AREA REPRESENTATIVE BUSINESS

Area Representative must develop and commence the day-to-day operations of the Area Representative Business whereby, among other things, Area Representative has completed, to Franchisor's satisfaction, the Area Representative Initial Training Program, established the Area Representative Office, and is offering and providing the Area Representative Services on or before the Scheduled Business Commencement Date and, thereafter, throughout the Term of this Agreement. Without limitation to the foregoing, prior to opening and commencing the operations of the Area Representative Business including, but not limited to the Area Representative Services, Area Representative must, as determined by Franchisor: (a) be in compliance with the terms and conditions of this Agreement; (b) have satisfied the pre-opening obligations set forth by Franchisor in the operations manual; (c) have completed and satisfied the Area Representative Initial Training Program; (d) have completed and satisfied the Franchisee Initial Training Program; and (e) obtained Franchisor's written consent to open and commence the operations of the Area Representative Business.

3.3 AREA REPRESENTATIVE OPERATIONS, SERVICES AND ON-GOING OBLIGATIONS

If Area Representative is a Corporate Entity, at all times during the Term of this Agreement, the Area Representative Business shall, on a day-to-day basis, be directly managed and supervised by Area Representative's Managing Owner. Area Representative shall not delegate and/or assign Area Representatives obligations under this Agreement to a third party. Without limitation to the foregoing, as to the Area Representative Territory, Area Representative shall, at Area Representative's sole cost and expense:

- (a) exclusively operate the Area Representative Business from and within the Area Representative Territory;
- (b) exclusively offer, provide and perform the Area Representative Services for the benefit of Franchisor, the System, and Franchisor's affiliates and assigns;
- (c) satisfy and complete all supplemental area representative and/or Franchisee training programs designated by Franchisor from time to time;
- (d) exclusively utilize the Business Management System in connection with the Area Representative Business and as directed by Franchisor;
- (e) own and operate not less than one Area Representative Business with annexed Latinx Entrepreneur Training Center and, as directed by Franchisor from time to time, provide Pre-Opening Services and Area Representative Services utilizing the Area Representative Business;

- (f) timely satisfy Area Representative's Development Quota, Development Period Quota Development Obligations, and Development Schedule obligations in accordance with the terms of this Agreement including, but not limited to Section 4 and Schedule 2 of this Agreement;
- (g) communicate with and work with Authorized Franchise Sales Agents in attracting, qualifying and referring qualified prospective single unit franchisees to Franchisor;
- (h) if approved and authorized in accordance with Section 3.6 of this Agreement, manage Franchise Sales Listings;
- (i) if approved and authorized in accordance with Section 3.6 of this Agreement, attend and promote the sale of Business franchises at Franchise Shows;
- (j) comply with the operating standards set forth by Franchisor as to the operations of the Area Representative Business including, but not limited to Sections 3 and 4 of this Agreement;
- (k) operate the Area Representative Business in conformity with the operations manual as such operations manual exists as of the Effective Date of this Agreement and as the operations manual may be modified and supplemented from time to time in the future by Franchisor, in Franchisor's discretion;
- (l) operate the Area Representative Business in conformity with the highest ethical and professional standards including, but not limited to, those standards specified by Franchisor in the operations manual;
- (m) operate the Area Representative Business in conformity with all applicable federal and state franchise laws, business opportunity laws, and commercial laws including, without limitation, franchise disclosure document disclosure laws and obligations, franchise disclosure document registration obligations imposed on area representatives, franchise seller disclosure and/or registration requirements, and business opportunity disclosure and/or registration requirements; and
- (n) otherwise comply with the terms and conditions of this Agreement.

The foregoing shall be undertaken by Area Representative at Area Representative's sole cost and expense and without any contribution, rebate and/or credit from Franchisor.

3.4 AREA REPRESENTATIVE TRAINING

Within 90 days of the Effective Date of this Agreement, Area Representative shall complete, to Franchisor's satisfaction, the Area Representative Initial Training Program and the Franchisee Initial Training Program.

3.5 THIRD PARTY FRANCHISE SALES AGENTS AND FRANCHISE SALES AGENT FEES

Franchisee may not engage any Franchise Sales Agent without the express written consent of Franchisor. If Franchisee wishes to recruit, utilize and/or benefit from the services of a Franchise Sales Agent then: (a) Area Representative must obtain Franchisor's written approval which Franchisor may grant or refuse in

Franchisor's discretion; (b) the Franchise Sales Agent must enter into a written franchise sales agent agreement approved by Franchisor and signed by Franchisor. Area Representative acknowledges and agrees that, at all times, Franchisor may, without notice to Area Representative and/or without requiring the consent of Area Representative, engage a Franchise Sales Agent in connection with the sale of Business franchises within the Area Representative Territory.

Area Representative acknowledges and agrees that critical to the System is Franchisor's reputation and the System's reputation for paying Franchise Sales Agents in connection with the sale of Business Franchises. To protect the System, Area Representative acknowledges and agrees that in the event of a dispute between Area Representative and a Franchise Sales Agent as to a commission and/or fee that may be payable to the Franchise Sales Agent, that Franchisor possesses the sole discretion and authority in determining whether or not such commission and/or fee shall be paid.

3.6 FRANCHISE SALES LISTINGS AND FRANCHISE SHOWS

Area Representative may not utilize any Franchise Sales Listings without the express written consent of Franchisor. If Area Representative wishes to utilize any Franchise Sales Listings then: (a) Area Representative must obtain Franchisor's written approval which Franchisor may grant or refuse in Franchisor's discretion; (b) The Franchise Sales Listings must comply with all of Franchisor's criteria and requirements for Franchise Sales Listings; and (c) Area Representative shall be solely and exclusively responsible for all fees and expenses associated with the Franchise Sales Listings.

Area Representative may not attend at and/or promote Business franchises at any Franchise Shows without the express written consent of Franchisor. If Area Representative wishes to attend a Franchise Show to promote Business franchises then: (a) Area Representative must obtain Franchisor's written approval which Franchisor may grant or refuse in Franchisor's discretion; (b) The Franchise Show displays, advertising and marketing materials must be approved by Franchisor and must otherwise comply with all of Franchisor's criteria and requirements; and (c) Area Representative shall be solely and exclusively responsible for all fees and expenses associated with the Franchise Shows.

Area Representative shall pay upon the signing of a Franchise Agreement and receipt of the Initial Franchise Fee from the referred Area Representative System Franchise a referral fee in the amount of \$5,000 for each prospective Franchisee resulting from a lead generated by Franchisor.

3.7 NO AUTHORITY TO AWARD FRANCHISES OR ENTER INTO ANY AGREEMENTS

AND NO RIGHTS AS A THIRD PARTY BENEFICIARY

Notwithstanding anything contained in this Agreement to the contrary, under no circumstance is Area Representative authorized to enter into any agreement on behalf of Franchisor, award any Business franchises, sign any Franchise Agreement, make any promises on behalf of Franchisor, and/or make any representations and/or statements other than those disclosed by Franchisor in Franchisor's then current and issued and, if applicable, registered and/or filed franchise disclosure document. Area Representative's rights as set forth in this Agreement is that of an agent of Franchisor to act in accordance with the terms and conditions of this Agreement and at the direction of Franchisor. Under no circumstance shall or will Area Representative acquire any ownership interests and/or rights in or to the System, the Licensed Marks and/or improvements, modifications and/or enhancements to the System and/or Licensed Marks. Under no circumstance shall or will Area Representative acquire any interests and/or right in or to the Franchise

Agreements with Area Representative System Franchisees and/or all other contracts, agreements and/or legal rights between Franchisor and Area Representative System Franchisees. Area Representative is not intended to be and shall not be a third party beneficiary in or to the Franchise Agreements with Area Representative System Franchisees and/or all other contracts, agreements and/or legal rights between Franchisor and Area Representative System Franchisees.

3.8 FRANCHISOR'S RIGHTS REGARDING INSPECTIONS AND FRANCHISOR'S EXCLUSIVE RIGHT TO TAKE ACTION UNDER A FRANCHISE AGREEMENT

As to the Inspection Services and the on-site quality and service inspections that are to be undertaken by Area Representative as a part of Area Representative's On-Going Support Services, Area Representative acknowledges and agrees that Area Representative's inspections shall be advisory only and that, at all times Franchisor possesses and retains the right to inspect all Area Representative System Franchisee Businesses and, at Franchisor's discretion, to otherwise directly inspect and/or ascertain Area Representative System Franchisees are in compliance with the terms and conditions of their respective Franchise Agreements and System requirements.

Without limitation to anything else contained in this Agreement to the contrary, Area Representative expressly acknowledges and agrees that as to the legal rights of Area Representative System Franchisees: (a) Franchisor possesses the sole and exclusive right to determine whether or not an Area Representative System Franchisee is in compliance with the terms and conditions of its Franchise Agreement; (b) Franchisor possesses the sole and exclusive right to terminate the Franchise Agreement of an Agreement; (c) Franchisor possesses the sole and exclusive right to send notices of default to Area Representative System Franchisees and/or other legal notices involving Area Representative System Franchisee rights and/or obligations under each respective Area Representative Franchise Agreements; (d) Franchisor possesses the sole and exclusive right to terminate a Franchise Agreement due to the occurrence of an Area Representative System Franchisee's default and/or for failure to cure a default; and (e) Franchisor possesses the sole and exclusive right to take any legal action with respect to any default by an Area Representative System Franchisee and/or any violation of an Area Representative System Franchisee, as such default and/or violation may be exclusively determined by Franchisor.

If Area Representative believes and/or possess knowledge and/or information that indicates that an Area Representative System Franchisee has and/or may be in violation of the terms or conditions of the Area Representative System Franchisee's Franchise Agreement or that the Area Representative System Franchisee is otherwise in violation of the requirements of the System, Area Representative shall immediately notify Franchisor in writing. Franchisor shall determine whether or not to investigate the alleged violation and Franchisor determines that there is a breach by an Area Representative System Franchisee of its Franchise Agreement with, Franchisor shall, in Franchisor's discretion, take such action as Franchisor deems appropriate. Area Representative shall take such action as Franchisor directs in support of the determination and decision of Franchisor.

3.9 FRANCHISOR'S DESIGNATED FACILITIES AND EVENTS

Although Area Representative's rights in and to the Area Representative Business are limited to the Area Representative Territory, notwithstanding anything contained in this Agreement to the contrary, Area Representative acknowledges and agrees that, at the discretion of Franchisor, Franchisor may require Area Representative, at Area Representative's sole cost and expense, to carry-out and discharge certain Area Representative Services from facilities and locations that may be located outside the Area Representative

Territory as same may be designated by Franchisor from time to time. Among other things, at the election of Franchisor, Area Representative and Area Representative's employees may be required to attend discovery days and training events at facilities and locations designated by Franchisor that are outside the Area Representative Territory and Area Representative shall be required to attend Franchisee conferences and events designated by Franchisor.

3.10 DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS

Area Representative acknowledges the significance of Digital Media to the System and necessity for Franchisor's control over Digital Media. Between Franchisor and Area Representative, Franchisor is the absolute owner of the Digital Media and nothing contained in this Agreement grants to Area Representative any ownership interest in or to the Digital Media. Area Representative shall not utilize, access or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing which approval Franchisor may withhold, condition or limit as determined by Franchisor in Franchisor's sole discretion and which approval, if given, shall be limited to the marketing and promotion of Business franchise sales in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior authorization by Franchisor as to Area Representative's right to utilize the Digital Media and/or otherwise as to any rights of Area Representative in or to the Digital Media shall be automatically terminated and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Digital Media utilized by Area Representative shall be transferred to Franchisor. Under no circumstance shall Area Representative utilize the Digital Media for purposes of or with the effect of libeling or disparaging another nor shall Area Representative violate any copyrights – as to such actions as between Area Representative and any third party, Area Representative is exclusively responsible for disparagement, libel and/or copyright infringement if Area Representative published and/or caused such content to be published.

Area Representative agrees that Digital Media and/or Published Content, if permitted by Franchisor, must be approved by Franchisor prior to publication or use in any form. Digital Media and Published Content that is approved by Franchisor or that otherwise is acceptable to Franchisor as meeting Franchisor's standards shall be owned by Franchisor. As between Franchisor and Area Representative, any and all interest and right in or to the Digital Media and/or Published Content shall, at all times, be and is the exclusive property of Franchisor both during the Term of this Agreement and upon the expiration or termination of this Agreement. Area Representative acknowledges and agrees that the System Website and all improvements and modifications made to the System Website, Digital Media, and Published Content is and shall be the exclusive property of Franchisor.

3.11 FDD REGISTRATION, DISCLOSURE AND COMPLIANCE OBLIGATIONS

Area Representative shall not market, promote or solicit franchise sales at any time during which any one of the following non-compliance events occurs (a "Non-Compliance Event"): (a) Franchisor's FDD for Business Franchises is not current and updated in accordance with federal law, rules, and regulations including, but not limited to 16 CFR Parts 436 and 437; (b) Franchisor's Business FDD (as prepared and designated by Franchisor, in Franchisor's discretion), if applicable to the jurisdictions that include the Area Representative Territory, is not currently registered with the applicable government entity; (c) Franchisor's Business FDD, if applicable to the jurisdictions that include the Area Representative Territory, is not currently filed with and authorized in accordance with the jurisdictions franchise filing requirements and/or business opportunity laws; (d) Area Representative, if applicable to the jurisdictions that include the Area Representative Territory, does not register as a franchise seller; or (e) Area Representative, if applicable to

the jurisdictions that include the Area Representative Territory, does not register Area Representative's own Business FDD provided that such FDD is authorized by Franchisor in writing. Area Representative expressly acknowledges and agrees that certain jurisdictions may require that Area Representative register its own FDD and/or that Area Representative make specific filings and registrations and that, if requested to do, Area Representative, at Area Representative's sole cost and expense and subject to Franchisor's approval, shall cause its own FDD to be registered and/or filed in accordance with Franchisor's instruction and at Area Representative's sole cost and expense.

If a Non-Compliance Event occurs as a result of subsections (b) or (c) of the first paragraph of this Section 3.11, then the Development Schedule shall be suspended for such time until the FDD is, as applicable, registered and/or filed, unless the reason for such event, as determined by Franchisor, is due to or a result of Area Representative's failure to provide and/or timely provide information, documentation, compliance certifications, financial statements and/or other documents as may be requested by Franchisor in connection with Franchisor's preparation, update, filing and/or registration of Franchisor's Business FDD.

Without limitation to the foregoing, Area Representative agrees that, if requested by Franchisor, Area Representative shall timely and consistently provide Franchisor with all information that Franchisor requests in connection with the preparation, update, registration and/or renewal of the Business FDD. Area Representative shall also timely provide Franchisor with Area Representative's audited financial statements no later than March 1 of each calendar year during the Term of this Agreement.

3.12 ADVERTISING, RECRUITING, SCREENING, AND APPROVALS

Area Representative shall be responsible for advertising for, recruiting, screening, and reviewing prospective Area Representative System Franchisees. Area Representative must spend a minimum of \$1,000 per month on the solicitation of prospective Area Representative System Franchisees, except that there is no minimum expenditure for the first six months of the Term. Area Representative must submit monthly reports to Franchisor showing the advertising expenditures. If Area Representative fails to spend the required minimum of \$1,000 per month, Franchisor may require Area Representative to pay this amount to Franchisor or its affiliates to be spent on solicitation and advertisement. Area Representative shall provide prospective Area Representative System Franchisees with information in print, digital, webinar, and other mediums approved or designated by Franchisor.

Area Representative shall submit all qualified prospective Area Representative System Franchisees to Franchisor for approval. Area Representative shall follow those submission processes designated by Franchisor including, but not limited to, required information gathering sessions that must be undertaken by Area Representative and the preparation and submission of prospective Area Representative System Franchisee applications, data and reports that must be submitted by Area Representative to Franchisor prior to Franchisor considering and/or evaluating a prospective Area Representative System Franchisee.

Upon Area Representatives submission of all information required by Franchisor and upon a prospective Area Representative System Franchisee's submission of all information required by Franchisor, upon completion of Franchisor's internal review and qualification process, by delivery of written notice to Area Representative, Franchisor shall approve or disapprove the award of Business franchises to prospective Area Representative System Franchisees. Franchisor agrees to exert good faith efforts to deliver such notification to Area Representative within 10 business days after the later of: (a) receipt by Franchisor of a complete application, financial statement, and other materials requested by Franchisor regarding the prospective Area Representative System Franchisee; or (b) the personal interview of the prospective Area Representative System Franchisee applicant, at the expense of the prospective Area Representative System Franchisee, by Franchisor at Franchisor's designated corporate offices. Franchisor shall determine whether

the prospective Area Representative System Franchisee applicant possesses sufficient financial and managerial capability and has satisfied the other criteria then utilized by Franchisor in granting Business franchises. Franchisor may refuse to grant a franchise to a prospective Area Representative System Franchisee applicant for any reason or no reason at all and in Franchisor's sole discretion. The grant of a Business franchise shall be effective only upon and after the full execution of the then current Franchise Agreement by Franchisor and the prospective Area Representative System Franchisee applicant.

3.13 AREA REPRESENTATIVE STAFFING AND EMPLOYEE RELATIONSHIPS

Area Representative shall hire a sufficient number of employees to carry-out, perform and satisfy Area Representative's obligations under this Agreement. Area Representative acknowledges and agrees that Area Representative is and shall be the sole employer of its employees. Area Representative has the sole right to select, hire and discharge Area Representative's employees. Area Representative is solely responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling and paying wages to, and withholding and paying taxes for Area Representative's employees. Area Representative agrees that there is no joint employer relationship between Franchisor and Area Representative. Area Representative's compliance with all federal, state and local labor laws rules and regulations shall be exclusively determined and managed by Area Representative. To the extent that the operations manual includes information, specifications, procedures, criteria and/or requirements as to employees of the Area Representative Business, such requirements shall be interpreted exclusively for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the System, and to ensure System uniformity requirements and standards concerning the System and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of "joint employer" and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the operations manual, the terms of this Agreement shall take precedence and govern.

3.14 IMAGE RELEASE

Area Representative agrees and authorizes Franchisor to use Area Representative's likeness in photographs, videos and all other media in which Area Representative's likeness appears and to use same in any and all Digital Media and other publications and advertisements of Franchisor. Area Representative agrees that any photograph or image using Area Representative's likeness will become Franchisor's property and will not be returned. Area Representative agrees and irrevocably authorizes Franchisor to use, edit, alter, copy, exhibit, publish, or distribute any photograph and/or image (digital, video, print, or otherwise) of Area Representative for any lawful purpose and to do so without payment of any royalty or fee to Area Representative.

3.15 RELOCATION

Under no circumstance will Area Representative be permitted to relocate the Area Representative Business, relocate the Area Representative Territory and/or modify the Area Representative Territory. If Area Representative wishes to relocate the Area Representative Office, Area Representative must obtain Franchisor's prior written consent which Franchisor will not unreasonably withhold provided that the proposed new office is located within the Area Representative Territory.

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SECTION 4

**DEVELOPMENT QUOTA, AREA REPRESENTATIVE TERRITORY FEE,
AND DEVELOPMENT SCHEDULE**

4.1 DEVELOPMENT QUOTA AND DEVELOPMENT PERIOD QUOTA DEVELOPMENT OBLIGATIONS

Franchisor and Area Representative agree that the Development Quota is identified and set forth in Schedule 2.

As to the Development Quota and the Development Period Quota Development Obligations, Area Representative agrees that: (a) that the Development Quota and the Development Period Quota Development Obligations are fair and reasonable; (b) Franchisor has not made any representations and/or warranties as to the number of Development Businesses that will or may be established within the Area Representative Territory; (c) in agreeing to the Development Quota, Development Schedule and the Development Period Quota Development Obligation, Franchisor solely represents that the Development Quota represents a number of Development Business Franchise Agreement's that Franchisor will approve for development and operation within the Area Representative Territory provided that the prospective franchisees are qualified, meet Franchisor's then current standards and criteria for Business Franchisees, and are otherwise approved by Franchisor; (d) that Area Representative has independently evaluated the Area Representative Territory to independently determine and assess potential franchise sales, the availability of potential Development Business locations, the potential successful operation of Development Businesses, and the overall suitability of the Area Representative Territory, the Development Quota, the Development Schedule, and the Development Period Quota Development Obligations; and (e) Franchisor possesses sole discretion as to whether or not Franchisor elects to enter into a Franchise Agreement with a proposed Area Representative System Franchisee and that Area Representative acknowledges that Franchisor will and may reject potential Area Representative System Franchisees based on their qualifications and in Franchisor's sole discretion. Under no circumstance is Franchisor under any obligation to market the sale of Business franchises within or related to the Area Representative Territory.

4.2 AREA REPRESENTATIVE TERRITORY FEE

In exchange for the rights set forth and granted to Area Representative pursuant to the terms of this Agreement, upon execution of this Agreement, Area Representative shall pay to Franchisor the Area Representative Territory Fee. The Area Representative Territory Fee is identified in Schedule 2 of this Agreement and not refundable under any circumstance and is fully earned by Franchisor upon execution of this Agreement.

Area Representative acknowledges and agrees that, among other things, the Area Representative Territory Fee is not a Franchise Agreement fee of any kind nor is it in lieu of any Franchise Agreement fee but, rather, is a fee paid by Area Representative to Franchisor in connection with the rights set forth in this Agreement relating to Area Representative's right to operate an Area Representative Business. Area Representative acknowledges and agrees that the Area Representative Territory Fee is calculated based on the aggregate number of Development Businesses authorized for potential development by this Agreement.

4.3 DEVELOPMENT SCHEDULE

Area Representative acknowledges and agrees that to induce Franchisor to enter into this Agreement that Area Representative, in connection with Area Representative's development and operation of the Area

Representative Business and Area Representative's performance of the Area Representative Services, that Area Representative shall timely meet and satisfy the development requirements set forth in the Development Schedule including, but not limited to, the Development Period Quota Development Obligations. The Development Schedule is attached to this Agreement as a part of Schedule 2.

Area Representative's failure to timely meet and satisfy the Development Schedule and/or the Development Period Quota Development Obligations shall constitute a material default of this Agreement and, among other things, entitle Franchisor to terminate this Agreement. Time is of the essence. Each and every Development Period shall be independent of the other and Area Representative's failure to meet Area Representatives Development Period Quota Development Obligations for any particular Development Period shall constitute a material default of this Agreement. Deficits and/or deficiencies as to any one particular Development Period cannot be carried-over, satisfied and/or made up in any subsequent Development Period.

4.4 REASONABLENESS OF DEVELOPMENT SCHEDULE

Area Representative agrees and represents that it has conducted its own independent investigation and analysis of the prospects for the establishment of Development Businesses within the Area Representative Territory, that Area Representative approves of the Development Schedule as being reasonable and viable, and that Area Representative recognizes that failure to achieve the results described in the Development Schedule will constitute a material breach of this Agreement with time being of the essence.

Additionally, as to the Development Schedule, Area Representative acknowledges and agrees that: (a) the Development Schedule is fair and reasonable; (b) Franchisor has not made any representations and/or warranties as to the number of Development Businesses that will or may be established within the Area Representative Territory; (c) Franchisor has not made any representations and/or warranties as to the number of Development Business Franchise Agreements that will or may be signed within the Area Representative Territory and/or within the respective Development Periods; (d) in agreeing to the Development Schedule Franchisor solely represents that the Development Schedule represents a number of Development Business Franchise Agreements that Franchisor may approve for development and operation within the Area Representative Territory provided that the prospective franchisees are qualified, meet Franchisor's then current standards and criteria for Business Franchisees, and are otherwise approved by Franchisor; (e) that Area Representative has independently evaluated the Area Representative Territory to independently determine and assess potential franchise sales, the availability of potential Development Business locations, the potential successful operation of Development Businesses, and the overall suitability of the Area Representative Territory, the Development Quota and the Development Schedule; and (f) Franchisor possesses sole discretion as to whether or not Franchisor elects to enter into a Franchise Agreement with a proposed Area Representative System Franchisee and that Area Representative acknowledges that Franchisor will and may reject potential Area Representative System Franchisees based on their qualifications and in Franchisor's sole discretion. Under no circumstance is Franchisor under any obligation to market the sale of Business franchises within or related to the Area Representative Territory.

SECTION 5 **CONTINGENT AREA REPRESENTATIVE COMMISSIONS**

5.1 INITIAL NET FRANCHISE FEE COMMISSION

During the Initial Term of this Agreement and subject to the terms and conditions of this Agreement, Franchisor shall pay to Area Representative the Initial Net Franchise Fee Commission.

During the Initial Term of this Agreement and subject to the terms and conditions of this Agreement, Franchisor shall pay to Area Representative: (a) \$20,000 for each single unit franchisee that is authorized by Franchisor to locate and establish their single unit Toro Taxes Franchised Business within Area Representative's designated Area Representative Territory during the Initial Term of this Agreement and pays the full initial franchise fee in full upon execution of the Franchise Agreement or prior to the Discount End Date (the "Cash Payment Commission"); (b) \$15,000 for each single unit franchisee that is authorized by us to locate and establish their single unit Toro Taxes Franchised Business within Area Representative's designated Area Representative Territory during the Initial Term of this Agreement and finances the initial franchise fee (the "Finance Commission") (the Cash Payment Commission and Finance Commission are collectively referred to as the "Area Representative Initial Net Franchise Fee Commission"). The Cash Payment Commission is paid when all required funds relating to the initial franchise fee are received by Franchisor. The Finance Commission is paid upon Franchisor's receipt of at least three monthly payments on the applicable promissory note. In the event that Franchisor does not receive all required funds and/or the single unit franchisee fails to make the required monthly payments, Franchisor shall not be required to pay any commission to Area Representative. In the event Area Representative has an outstanding balance relating to the financing of Area Representative's Area Representative Business, Franchisor may apply all commissions owed to Franchisor to Area Representative's outstanding balance. For purposes of this Agreement, the term "Discount End Date" shall mean the later date of either: (i) the opening of the applicable single unit franchisee Business; or (ii) six months from the date the applicable single unit franchisee signs their Franchise Agreement for their Toro Taxes Business.

The Area Representative Initial Net Franchise Fee Commission is a one-time fee payable by Franchisor to Area Representative at fixed quarterly intervals during the Initial Term of this Agreement. The Cash Payment Commission is paid when all required funds relating to the initial franchisee are received by Franchisor. The Finance Commission is paid upon Franchisor's receipt of at least three consecutive monthly payments on the applicable promissory note. In the event that Franchisor does not receive all required funds and/or the franchisee fails to make the required monthly payments, Franchisor shall not be required to pay any commission to Area Representative.

5.2 AREA REPRESENTATIVE ROYALTY COMMISSION

During the Term of this Agreement and subject to the terms and conditions of this Agreement, Franchisor shall pay to Area Representative the Area Representative Royalty Commission. Under no circumstances shall Area Representative be entitled to receive any commissions on any other revenue, fees and/or sums paid to Franchisor or Franchisor's affiliates by an Area Representative System Franchisee or any third party vendor.

5.3 ADDITIONAL COMMISSION CONDITIONS

In addition to and without limitation to the terms and condition otherwise set forth in this Agreement as to payment and calculation of Initial Net Franchise Fee Commissions and Area Representative Royalty Commissions (individually and collectively, the "Commissions"), Area Representative agrees:

- (a) Upon expiration or termination of this Agreement for any reason, Area Representative's right to receive Commissions and all other forms of compensation under this Agreement shall immediately and automatically terminate. Within 30 days of the termination and/or expiration of this Agreement, Franchisor shall pay to Area Representative the Commissions that accrued and became payable and due to Area Representative up to the date of expiration or termination of this Agreement;

(b) In the event of a default of this Agreement by Area Representative where such default is curable by Area Representative, Area Representative shall waive (without the right to payment in the future) any and all rights to Commissions that Area Representative would have earned and/or would have been paid to Area Representative during the period in which Area Representative's default existed and remained uncured;

(c) Franchisor's payments of Commissions to Area Representative shall occur on a cash receipts accounting basis and not on an accounting accrual basis. If Franchisor, in Franchisor's sole discretion, elects to refund and/or refunds all or a portion of an Area Representative System Franchisees Franchise Fee and/or Royalty Fee, Franchisor may offset against any future Commissions payable and due to Area Representative, the Commission Fees Franchisor previously paid Area Representative in connection with the refunds given by Franchisor to the Area Representative System Franchisee.

(d) Franchisor is permitted to set-off against Area Representative's Commissions all sums and/or fees that may be payable and/or due from Area Representative to Franchisor. Under no circumstance is Area Representative granted any set-off rights.

SECTION 6

AREA REPRESENTATIVE TRAINING AND OPERATING ASSISTANCE

6.1 AREA REPRESENTATIVE INITIAL TRAINING

Within 90 days of the Effective Date of this Agreement, Franchisor shall provide Area Representative or, if Area Representative is a Corporate Entity, Area Representative's Owners with initial training in Franchisor's initial training program for Area Representatives (the "Area Representative Initial Training Program") Area Representative and Area Representative's Owners, at Area Representative's sole cost and expense, must attend and complete, to the satisfaction of Franchisor, the Area Representative Initial Training Program and the Franchisee Initial Training Program.

The Area Representative Initial Training Program shall be structured, configured, and established by Franchisor from time to time and may be structured by Franchisor so that it is offered and completed by Area Representative in various phases which may require participation in interactive webinar type sessions and on-site training at Franchisor's corporate offices. Franchisor will not charge Area Representative tuition or other fees in connection with the Area Representative Initial Training Program or the Franchisee Initial Training Program, however, Area Representative is responsible for all travel and living expenses associated with attending the training programs.

6.2 REPLACEMENT TRAINING

The Area Representative Initial Training Program will be made available to replacement or additional Owners and other management personnel of Area Representative that are approved by Franchisor. Franchisor reserves the right to charge a tuition or supplemental training fee in an amount payable in advance for such training. Area Representative will be required to pay a training fee of \$500 per day and Area Representative shall be responsible for all travel and living expenses incurred by Area Representative's personnel in connection with attendance at such training programs.

6.3 SEMINARS AND ON-GOING TRAINING

Periodically, Franchisor may, at Franchisor's election, present seminars, conventions, or continuing development programs for the benefit of the Area Representative. We may charge a fee for such training or programs. Area Representative or its Owners shall be required to attend any ongoing mandatory seminars, conferences, industry conventions, meetings, or programs as may be offered by Franchisor. If Area Representative fails to attend a mandatory seminar, convention, meeting, or program without obtaining Franchisor's prior written approval of the absence and fails to arrange for attendance at an alternate time, Area Representative shall be required to make up the missed program at a time and place designated by Franchisor and pay Franchisor a fee equal to Franchisor's then current fee, as set forth in the operations manual or otherwise in writing. Franchisor shall give Area Representative at least 60 days' prior written notice of any seminar, convention, or program deemed mandatory. Area Representative will be responsible for all travel and living expenses associated with attendance at any ongoing training program, seminar, convention, or program. Area Representative will be required to pay Franchisor its then current fee for attending any mandatory seminar or convention. Franchisor may preclude Franchisee from attending any seminar or convention if Franchisee is in default of this Agreement at the time of the seminar or convention, or if Franchisee has had two notices of default within 12 months prior to any seminar or convention.

6.4 FRANCHISOR'S OPERATING ASSISTANCE

From time to time and as determined by Franchisor in Franchisor's discretion, Franchisor may advise Area Representative of those applicable standards, procedures, and System requirements in connection with Area Representative's operation of the Area Representative Business. Operating assistance may, as determined by Franchisor, in Franchisor's sole discretion, may consist of:

- (a) Establishing and communicating to Area Representative operating procedures, improvements to the System and modifications to the System in connection with the Area Representative's operation of the Area Representative Business, the System Products and Services, and procedures to be utilized by Area Representative in connection with Area Representative's training of Area Representative System Franchisees, and Area Representative's marketing and promotion of the Area Representative Business;
- (b) Upon the reasonable request of Area Representative, consultation by telephone regarding advice related to franchise sales, site selection, Franchisee support, and other required assistance. In providing assistance, Franchisor will be reasonably accessible during normal business hours by phone, fax, e-mail, or other means of communication reasonably determined by Franchisor. If Area Representative requests additional, special, on-premises training of its personnel or other assistance in operating its Area Representative Business and/or Area Representative Business, Area Representative agrees to pay for all expenses for that training or assistance, including any per diem costs assessed by Franchisor and any wages or compensation owed to, and travel and living expenses incurred by Franchisor's personnel. Franchisor shall have the right to charge Area Representative a fee, currently \$500 per day, and be reimbursed for all related expenses including travel, lodging, and meals, for any assistance or services requested by Area Representative and not specifically required to be performed by Franchisor under this Agreement. Area Representative understands and acknowledges that different Area Representatives will require different levels of service and support and that Franchisor makes no warranties or guarantees that Area Representative will receive the same level of service and support as any other Area Representative;
- (c) Establishing and communicating additional and/or modified System standards and requirements;

- (d) Establishing and communicating franchise development standards and base campaigns that are authorized for use by Area Representatives;
- (e) Establishing and communicating advertising and promotional programs and standards for use by Area Representative;
- (f) Approving or disapproving of Area Representative's request to utilize marketing and promotion materials and media not previously authorized by Franchisor;
- (g) Establishing and communicating administrative and general operating procedures for use by Area Representatives;
- (h) Establishing, updating, revising and communicating a list(s) of approved suppliers of products, supplies, equipment, software systems and marketing related services as Franchisor deems appropriate and as may be otherwise designated by Franchisor in Franchisor's discretion;
- (i) Establishing and communicating guidance to Area Representative in the form of the operations manual and as Franchisor, in Franchisor's sole discretion, deems appropriate in the form bulletins or other written materials, telephonic consultations and/or consultations at the offices of Franchisor; and
- (j) Maintaining an issued FDD that is timely renewed and made available to Area Representative.

6.5 OPERATIONS MANUAL

Franchisor shall loan to Area Representative during the term of the franchise one copy (in digital format or in print, as determined by Franchisor) of the operations manual. The operations manual contains mandatory and suggested specifications, standards, and operating procedures that Franchisor prescribes for Businesses, the Area Representative Business and information relative to other obligations of Area Representative. Area Representative must operate the Area Representative Business in accordance with the specifications and requirements set forth in the operations manual and as same may be modified, supplemented and/or changed by Franchisor from time to time. Franchisor has the right to add to, and otherwise modify, the operations manual to reflect changes in the System. Area Representative must keep its copy of the operations manual current and in a secure location at the Area Representative Office. If the operations manual is provided to Area Representative in electronic format, Area Representative shall not permit third party access to the operations manual. The master copy of the operations manual that Franchisor maintains at Franchisor's principal office controls if there is a dispute relative to the contents of the operations manual. Area Representative shall have a reasonable period of time to implement the changes in the System required by changes to the operations manual. Franchisor shall give Area Representative written notice of the changes required and the period of time within which the changes must be implemented by Area Representative.

SECTION 7

AREA REPRESENTATIVE'S RESTRICTIVE COVENANTS AND OBLIGATIONS

7.1 NECESSITY FOR RESTRICTIVE COVENANTS

Area Representative agrees that only through the course of entering into this Agreement is Area Representative and Area Representative's Owners being provided with access to the System, Franchisor's training, use of the Licensed Marks and access to the operations manual and Confidential Information. Area Representative agrees that competition by Area Representative, Owners and/or Spouses could jeopardize the entire System and cause irreparable harm to Franchisor, Business Franchisees, and other Area Representatives. Area Representative agrees to comply with the restrictive covenants set forth in this Section 7 and throughout this Agreement.

7.2 RESTRICTIVE COVENANTS: KNOW-HOW

Area Representative agrees that, at all times, Area Representative: (a) shall not use the Know-How in any business or capacity other than the operation of the Area Representative Business pursuant to this Agreement or, if applicable, as may be authorized pursuant to the terms of a Business Franchise Agreement between Franchisor and Area Representative; (b) shall maintain the confidentiality of the Know-How at all times; (c) shall not make unauthorized copies of documents containing any Know-How; (d) shall take all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Know-How; and (e) shall stop using the Know-How immediately upon the expiration, termination or Transfer of this Agreement unless doing so is otherwise authorized pursuant to the terms of a Business Franchise Agreement between Franchisor and Area Representative. Area Representative agrees that the foregoing covenants and obligations shall also apply to: (a) Area Representative's Owners and Spouses and, as applicable, Area Representative's Owners and Spouses shall execute the Area Representative Owner and Spouse Guaranty, and (b) Area Representative's directors, officers, employees and agents where disclosure of the Know-How was necessary for the operations of the Area Representative Business and where such director, officer, employee and/or agent previously executed and delivered to Franchisor the Confidentiality Agreement.

7.3 RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION

Area Representative agrees that, at all times, Area Representative: (a) shall not use the Confidential Information in any business or capacity other than the Area Representative Business operated by Area Representative or, if applicable, as may be authorized pursuant to the terms of a Business Franchise Agreement between Franchisor and Area Representative; (b) shall maintain the confidentiality of the Confidential Information at all times; (c) shall not make unauthorized copies of documents containing any Confidential Information; (d) shall take such reasonable steps as Franchisor may ask of Area Representative from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) shall stop using the Confidential Information immediately upon the expiration, termination or Transfer of this Agreement unless doing so is otherwise authorized pursuant to the terms of a Business Franchise Agreement between Franchisor and Area Representative. Area Representative agrees that the foregoing covenants and obligations shall also apply to: (a) Area Representative's Owners and Spouses and, as applicable, Area Representative's Owners and Spouses shall execute the Area Representative Owner and Spouse Guaranty, and (b) Area Representative's directors, officers, employees and agents where disclosure of the Confidential Information was necessary for the operations of the Area Representative Business and where such director, officer, employee and/or agent previously executed and delivered to Franchisor the Confidentiality Agreement.

7.4 RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS

Area Representative agrees that during the Term of this Agreement, Area Representative will not engage in the following activities (the “Prohibited Activities”): (a) owning and/or having any legal or equitable interest (whether as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or in any similar capacity) in a Competitive Business (other than owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from Franchisor (or one of Franchisor’s affiliates or franchisees); and/or (d) inducing (i) any of Franchisor’s employees or managers (or those of Franchisor’s affiliates or franchisees) to leave their position with Franchisor, or (ii) any customer, franchisee, or prospective franchisee of Franchisor (or of one of Franchisor’s affiliates or franchisees) or of Area Representative to any other person business or franchise system other than that of a Toro Taxes Business and/or Toro Taxes Area Representative Business. Area Representative agrees that if Area Representative were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition and would cause harm to Franchisor, the System and other Business Area Representatives. Area Representative agrees that the foregoing covenants and obligations shall also apply to Area Representative’s Owners and Spouses and that Area Representative’s Owners and Spouses and, as applicable, Area Representative’s Owners and Spouses shall each execute the Area Representative Owner and Spouse Guaranty.

7.5 RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS

Area Representative agrees that during the Post-Term Restricted Period, Area Representative will not engage in any Prohibited Activities. If Area Representative is engaged in any Prohibited Activities during the Post-Term Restricted Period, Area Representative agrees that the Post-Term Restricted Period will be extended by the period of time during which Area Representative was/were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of Area Representative’s breach or otherwise impair any of Franchisor’s rights or remedies relating to Area Representative’s breach). Area Representative acknowledges and agrees that the foregoing covenants and obligations shall also apply to Area Representative’s Owners and Spouses and that Area Representative’s Owners and Spouses shall each execute and deliver to Franchisor the Area Representative Owner and Spouse Agreement and Guaranty. Area Representative agrees that this restriction is fair and reasonable and that if Area Representative did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm Franchisor and the System.

7.6 IMMEDIATE FAMILY MEMBERS

Area Representative agrees that should Area Representative circumvent the restrictive covenants and obligations due to Franchisor under this Section 7.6 by disclosing Confidential Information and/or Know-How to an immediate family member (*i.e.*, parent, sibling, child, grandchild or spouse that does not sign the Area Representative Owner and Spouse Guaranty) that Franchisor will and the System will be irreparably harmed. Area Representative agrees that if Area Representative or one of Area Representative’s Owners did disclose the Know-How to an immediate family member and the immediate family member of Area Representative or an Owner used the Confidential Information or Know-How to engage in activities

that, for Area Representative, qualify as Prohibited Activities as defined above, that Franchisor and the System will be irreparably harmed. Area Representative agrees that as between Area Representative and Franchisor that Area Representative and Area Representative's Owners are in a better position to know if Area Representative permitted and/or provided an immediate family member with access to the Confidential Information and/or Know-How. Therefore, Area Representative agrees that Area Representative will be presumed to have violated the terms of this Agreement and, in particular, the restrictive covenants and obligations set forth in this Section 7.6 if any member of Area Representative's or an Owners Immediate Family or the immediate family of an Owner (a) engages in any Prohibited Activities during any period of time during which Area Representative is prohibited from engaging in the Prohibited Activities or (b) uses or discloses the Confidential Information and/or Know-How. However, Area Representative may rebut this presumption by providing evidence conclusively demonstrating that neither Area Representative nor Area Representative's Owner(s) did not disclose the Confidential Information and Know-How and did not permit disclosure of the Confidential Information or Know-How to the family member of Area Representative or Area Representative's Owners. Area Representative acknowledges and agrees that the foregoing covenants, obligations, representations and burden of proof shall also apply to Area Representative's Owners and Spouses and that Area Representative's Owners and Spouses shall each execute and deliver to Franchisor the Area Representative Owner and Spouse Agreement and Guaranty.

7.7 REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Area Representative agrees that: (a) the terms and provisions of Section 7 are reasonable both in time and in scope of geographic area; and (b) Area Representative has sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms and provisions of Section 7. **Area Representative hereby waives any right to challenge the terms and provisions of Section 7 as being overly broad, unreasonable or otherwise unenforceable.** Although Area Representative and Franchisor both believe that the restrictive covenants and obligations of Section 7 to be reasonable in terms of scope, duration and geographic area, Franchisor may at any time unilaterally modify the terms of Section 7 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon Area Representative under Section 7 to ensure that the terms and covenants are enforceable under applicable law.

7.8 BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Area Representative agrees that Area Representative's failure and/or Area Representative's Owner(s) failure to comply with the restrictive covenants and obligations set forth in this Section 7 will cause irreparable harm to Franchisor and/or other single unit franchisees for which there is no adequate remedy at law. Therefore, Area Representative agrees that any violation of these Section 7 covenants and obligations by either Area Representative and/or any Owner(s) will entitle Franchisor to injunctive relief. Area Representative agrees that Franchisor may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of Area Representative, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the Area Representative and Franchisor agree that the amount of the bond shall not exceed \$1,000. Franchisor's remedies under this Section 7.8 are not exclusive of any

other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

SECTION 8

LICENSED MARKS, SYSTEM AND INNOVATIONS TO SYSTEM

8.1 OWNERSHIP AND GOODWILL

Area Representative agrees that Franchisor is the owner of all right, title, and interest in and to the Licensed Marks, the System, Published Content, Digital Media and the goodwill associated with the Licensed Marks and the System. Except as otherwise specifically provided in this Agreement, Area Representative agrees that Area Representative possesses no interest or right, whatsoever, in or to the Licensed Marks, the System, Digital Media, Published Content and the goodwill associated with the Licensed Marks and the System. Area Representative's right to use the Licensed Marks and the System is derived solely from this Agreement. Any unauthorized use of the Licensed Marks and/or the System by Area Representative or any of Area Representative's affiliates shall constitute an infringement of the rights of Franchisor in and to the Licensed Marks and/or the System. Area Representative agrees that all usage of the Licensed Marks and/or the System by Area Representative, and all goodwill associated with the Licensed Marks and System, shall exclusively benefit Franchisor without granting any goodwill interests or rights to Area Representative except for Area Representative's non-exclusive interest and limited right to use the Licensed Marks and the System in the operation of the Area Representative Business, subject to the terms and conditions of this Agreement. Area Representative shall not, at any time during the Term or after the expiration, termination or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, Digital Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System, and at no time shall Area Representative assist any other person in contesting the validity or ownership of the Licensed Marks, the System, Digital Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System. Area Representative and each Owner shall not take any action that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, Digital Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System.

8.2 USE OF THE LICENSED MARKS

Area Representative agrees that Area Representative's use of the Licensed Marks and System shall be limited to Area Representative's operation of the Area Representative Business in accordance with the terms of this Agreement, in accordance with the standards and specifications set forth in the operations manual and/or otherwise as may be otherwise established by Franchisor from time to time and in Franchisor's sole discretion. Area Representative shall not use the Licensed Marks as part of its corporate or other legal name, and Area Representative shall not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Area Representative shall comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

8.3 NOTIFICATION OF INFRINGEMENT AND CLAIMS

Area Representative must notify Franchisor immediately in writing of any apparent infringement of, or challenge to, Area Representative's use of any Licensed Mark and/or the System or of any claim by any person claiming any rights in any manner with respect to the Licensed Mark, the System, or any similar

trade name, trademark or service mark of which Area Representative becomes aware. Area Representative must not communicate with any person other than Franchisor and Franchisor's counsel in connection with any infringement, challenge, or claim by any third party to the Licensed Marks and/or the System. Franchisor and/or Franchisor's licensor shall possess sole and complete discretion, in Franchisor's Reasonable Business Judgment, to take any action and/or to refrain from taking action, Franchisor and/or Franchisor's licensor deems appropriate, including, without limitation, the right to exclusively control any litigation or administrative proceeding arising out of, or relating to, any infringement, challenge, claim or otherwise relating to any Licensed Mark and/or the System. Area Representative agrees to execute all documents, render assistance, and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor and/or Franchisor's licensor in any litigation or administrative proceeding or to otherwise protect and maintain, as directed by Franchisor, the interests of Franchisor and/or Franchisor's licensor in the Licensed Marks. Franchisor will reimburse Area Representative for reasonable direct expenses incurred by Area Representative in assisting Franchisor in any such litigation or administrative proceeding provided Area Representative timely notifies Franchisor of such litigation or administrative proceeding, and Area Representative complies with the written instructions of Franchisor respecting any such litigation or administrative proceeding.

8.4 DISCONTINUANCE OF USE OF LICENSED MARKS

Area Representative acknowledges and agrees that at any time should Franchisor determine, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, and/or Area Representative to replace, modify, substitute, and/or discontinue use of any Licensed Marks, then Area Representative shall comply with Franchisor's determination and instructions as to the replacement, modification, substitution, and/or discontinuance of such Licensed Mark(s). Area Representative shall comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Area Representative is required to take action pursuant to instruction by Franchisor pursuant to this Section 8.4 or, if Area Representative is otherwise required to replace, modify, substitute, and/or discontinue use of any Licensed Marks, the sole liability and obligation of Franchisor to Area Representative shall be to reimburse Area Representative for the reasonable and direct costs incurred by Area Representative in complying with this obligation, which Area Representative shall document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute and/or discontinue any and all features and/or components of the Licensed Marks and/or the System at any time.

8.5 OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND CUSTOMER INFORMATION

Area Representative agrees that with regard to the Area Representative Business all customer lists, prospective franchisee lists, franchisee lists, and their contents and information represent Confidential Information and constitute an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term of this Agreement and in connection with the development, establishment, marketing, promotion and operation of the Area Representative Business, Area Representative shall disclose to Franchisor all of Area Representative's ideas, concepts, methods and products conceived or developed by Area Representative and Area Representative's affiliates, Owners, agents, and employees relating to the development and operation of Businesses. Area Representative hereby assigns to Franchisor and Area Representative agrees to procure from Area Representative's Owners, affiliates and employees assignment of any such ideas, concepts, methods, and products that Area Representative is required to disclose to Franchisor under this Section 8.5 Franchisor shall have no obligation to make any payments to Area Representative or Area Representative's Owners, affiliates or employees with respect to any such

idea, concept, method, technique or product. Area Representative agrees that Area Representative will not use nor will Area Representative allow any other person or entity to use any such concept, method or product without obtaining Franchisor's prior written approval.

SECTION 9

OPERATING STANDARDS

9.1 OPERATING STANDARDS

Area Representative shall give prompt, courteous, and efficient Area Representative Services and shall, in all dealings with such Area Representative System Franchisees, prospective Area Representative System Franchisees, prospective franchisees, and the public, adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Without limitation to the foregoing, at all times, Area Representative shall adhere to the standards established by Franchisor from time to time and communicated by Franchisor to Area Representative.

9.2 COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

Area Representative shall secure and maintain in force all required licenses, permits, and certificates relating to the Area Representative Business. Area Representative acknowledges being advised that many jurisdictions have enacted laws, rules and/or regulations governing and/or regulating the sale of franchises and relationships with franchisees including, but not limited to, laws, rules and regulations related to FDD disclosures, FDD registrations, renewals and updates, business opportunity disclosures, filings and requirements and franchisee relationships. Area Representative, at Area Representative's sole cost and expense shall comply with, all such laws, rules, and regulations as they relate to the Area Representative Business and, among other things, Area Representative shall only use such form of FDDs and any other legal documents that Franchisor, in writing, has approved for use by Area Representative. Area Representative agrees to comply with all applicable laws pertaining to the privacy of customer, employee, and transactional information ("Privacy Laws"). If there is a conflict between Franchisor's standards and policies, if any, pertaining to Privacy Laws and actual applicable law, Area Representative will: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict and/or the lack of required policies and procedures; and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel in determining the most effective way, if any, to satisfy the applicable Privacy Laws. Area Representative agrees not to publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy.

9.3 ACCURACY OF INFORMATION

Before Area Representative engages in the operations of the Area Representative Business and at all times thereafter, Area Representative shall independently evaluate and review Franchisor's designated FDD for accuracy as to Area Representative and the Area Representative Business and Area Representative immediately notify Franchisor as to any inaccuracies and/or required updates and modifications. At all times Area Representative shall review and confirm the accuracy of all information provided by Area Representative to prospective Area Representative System Franchisees, Area Representative System Franchisees, and to the public. All information that Area Representative distributes and/or otherwise provides to third parties must be pre-approved by Franchisor in writing. Franchisor shall provide Area Representative with any changes to Franchisor's then current and applicable FDD and other agreements on a timely basis, and Franchisor shall, upon written request of Area Representative, provide Area Representative with confirmation that the information in any written materials or documents being used

by the Area Representative is accurate and appropriate. If the Area Representative notifies Franchisor of an error in any information in Franchisor's documents, Franchisor shall have a reasonable period of time to attempt to correct any deficiencies, misrepresentations, or omissions in such information.

9.4 NO FINANCIAL PERFORMANCE REPRESENTATIONS

Under no circumstance shall Area Representative provide a prospective Area Representative System Franchisee, a prospective Business Franchisee, or the public with a Financial Performance Representation. Area Representative cannot and shall not provide any information that constitutes a Financial Performance Representation to anyone. If Franchisor includes a Financial Performance Representation in Item 19 of the FDD that Franchisor authorizes for Area Representative's Area Representative Territory then Area Representative may only refer a prospective franchisee to Item 19 for information as to a Financial Performance Representation.

9.5 NOTIFICATION OF LITIGATION

Area Representative shall notify Franchisor in writing within three days of the commencement of any action, suit, arbitration, proceeding, or investigation, and of the issuance of any order, writ, injunction, award, or decree by any court, agency, or other governmental instrumentality that names Area Representative or Area Representative's Owners, or otherwise concerning the operation or financial condition of Area Representative, the Area Representative Business, or any Area Representative System Franchisee.

9.6 OWNERSHIP AND MANAGEMENT

At all times, the Area Representative Business shall be operated under the direct day-to-day supervision of Area Representative or, if Area Representative is a Corporate Entity, Area Representative's Managing Owner as designated and identified in Schedule 3 to this Agreement. Area Representative represents that the Statement of Area Representatives Owners attached to this Agreement as Schedule 3, is true, complete, and accurate. Area Representative shall promptly provide Franchisor with written notification if the information in the statement of ownership changes at any time during the Term of this Agreement and shall comply with the applicable transfer provisions contained in Section 10 of this Agreement.

9.7 NO CONFLICTS OF INTEREST AND CONTINUED PERFORMANCE BY AREA REPRESENTATIVE

Area Representative shall at all times faithfully, honestly, and diligently perform its obligations under this Agreement and Area Representative shall continuously and, in good faith and using its best efforts, offer and provide the Area Representative Services. Other than the Area Representative Business, Area Representative shall not engage in any other business or other activity, directly or indirectly, except, as applicable, to the ownership and operation of a Toro Taxes Business franchise. Under no circumstance shall Area Representative Abandon the Area Representative Business.

9.8 INSURANCE

At all times during the Term of this Agreement, Area Representative, at Area Representative's sole cost and expense, shall maintain in full force and effect insurance for the Area Representative Business of the types, in the amounts, and under such terms and conditions as Franchisor may periodically reasonably

prescribe in the operations manual or otherwise in writing. All of insurance policies shall name Franchisor, its affiliates, and its designees as additional insureds, contain a waiver of the insurance company's right of subrogation against Franchisor, and provide that Franchisor will receive 30 days' prior written notice of termination, expiration, or cancellation of any such policy. Franchisor reserves the right to require Area Representative to participate in Franchisor's Group Errors and Omissions insurance policy, if Franchisor maintains such a policy, and to require Area Representative to pay its pro rata share of such insurance coverage. In the event Area Representative fails to secure insurance as proscribed by Franchisor and does not cure same within a 48 hour period following notice, Area Representative shall be in default and Franchisor may immediately terminate this Agreement. Area Representative shall provide proof of insurance to Franchisor prior to commencement of operations of the Area Representative Business and as otherwise requested by Franchisor.

9.9 ADVERTISING AND MARKETING MATERIALS

Prior to utilizing any advertising or marketing materials including, but not limited to, print media and Digital Media, Area Representative must submit all materials to Franchisor for approval. Franchisor's discretion may disapprove of advertising and marketing materials submitted by Area Representative. Area Representative acknowledges and understands that certain states and state franchise regulators require the filing of franchise sales advertising materials with the appropriate state agency within prescribed time frames prior to dissemination to prospective franchisees. Area Representative shall independently evaluate all state franchise laws, rules and regulations and Area Representative, at Area Representative's sole cost and expense, shall fully and timely comply with the filing requirements as to all advertising and marketing materials. Franchisor may charge Area Representative for the costs incurred by Franchisor in developing and/or printing advertising and marketing materials supplied by Franchisor to Area Representative at Area Representative's request, or for expenses incurred by Franchisor to file Area Representative's proposed advertising material with the appropriate state authority.

9.10 ACCOUNTING, BOOKKEEPING AND RECORDS

Area Representative shall maintain at the Area Representative Office all original invoices, receipts, checks, contracts, licenses, acknowledgement of receipt forms, and bookkeeping, Area Representative System Franchisee and prospective Area Representative System Franchisee records as Franchisor may periodically require. Without limitation to and as a supplement to the audited financial statement requirements set forth in Section 3.11 of this Agreement, Area Representative shall furnish to Franchisor, within 90 days after the end of Area Representative's fiscal year, a balance sheet, a statement of shareholders equity, a profit and loss statement and a statement of cash flow for Area Representative's prior fiscal year which should end on December 31st. Franchisor possesses the right, at Franchisor's discretion to require that the foregoing financial statements, at the expense of Area Representative, be audited by a certified public accountant who issues an audit report and auditor's consent. Additionally, upon request of Franchisor, within 10 days after such returns are filed, exact copies of federal and state income, sales, and any other tax returns and such other forms, records, books, and other information as Franchisor may periodically require regarding the Area Representative Business shall be furnished to Franchisor. Area Representative shall maintain all records and reports of the Area Representative Business conducted pursuant to this Agreement for at least three years after the date of termination or expiration of this Agreement.

9.11 REPORTS

Area Representative shall, as often as required by Franchisor, deliver to Franchisor a written report of the Area Representative Business activities during such period as requested by Franchisor and in such form

and in such detail as Franchisor may periodically specify related to the Area Representative Business and/or the Area Representative Services, prospective Area Representative System Franchisees, and Area Representative System Franchisees.

9.12 COMPUTERS AND BUSINESS MANAGEMENT

Area Representative, at its expense, shall purchase or lease, and thereafter maintain, such computer and telecommunication hardware, software, firmware, required dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or peripheral equipment as Franchisor specifies in the operations manual or otherwise in writing. Area Representative, at Area Representative's sole cost and expense, shall license and utilize the Business Management System as directed by Franchisor and shall grant to Franchisor direct and independent access to the Business Management System utilized by Area Representative and the Business Management System Data.

9.13 INSPECTIONS AND AUDITS BY FRANCHISOR

To determine whether Area Representative is complying with this Agreement, Franchisor or its designee shall have the right at any time during normal business hours, and within 48 hours' prior notice to Area Representative, to enter the Area Representative Office, any location in which Area Representative is then keeping its business records, and inspect, and audit, the Area Representative Business records, bookkeeping and accounting records, invoices, payroll records, time cards, check stubs, bank deposits, receipts, sales tax records and returns, and other business records and documents of the Area Representative Business. Area Representative and its employees shall fully cooperate with representatives of Franchisor in making, conducting, supervising, or observing any such inspection or audit.

From the date of this Agreement until three years after the end of the Term of this Agreement, Franchisor or Franchisor's authorized agent shall have the right to request, receive, inspect, and audit any of the records concerning all financial, marketing, and other operating aspects of the Area Representative Business conducted under this Agreement, wherever they may be located. Franchisor agrees to do inspections and audits at reasonable times. Area Representative agrees to keep all records and reports for seven years from the date such records are created.

SECTION 10

TRANSFER OF INTEREST

10.1 BY THE FRANCHISOR

At all times, Franchisor possesses and maintains the sole and absolute right to Transfer and/or assign Franchisor's rights and obligations under this Agreement, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion) to any person, entity, Corporate Entity and/or third party without the consent of Area Representative and without the approval of Area Representative. Nothing contained in this Agreement shall prevent, prohibit, restrict, hinder, enjoin, or otherwise restrain Franchisor from selling, transferring, conveying, or assigning this Agreement and/or Franchisor's rights and obligations under this Agreement to any person, entity, Corporate Entity or other third party. Franchisor has an unrestricted and unequivocal right to Transfer and/or assign its rights or obligations under this Agreement in whole or in part, at Franchisor's sole and absolute discretion. In the event Franchisor Transfers and/or assigns this Agreement and/or any or all of

Franchisor's rights and obligations set forth in this Agreement to a person, an entity, Corporate Entity, or other third party, this Agreement shall survive, remain in full force and effect, and inure to the benefit of the purchaser, transferee, conveyee, and/or assignee of this Agreement.

10.2 AREA REPRESENTATIVE MAY NOT TRANSFER WITHOUT FRANCHISOR

APPROVAL

Area Representative agrees, and Area Representative represents and warrants that Area Representative's Owners understand and agree, that the rights and duties set forth in this Agreement are personal to Area Representative and each Owner. Therefore, Area Representative agrees that:

- (a) No ownership interest of any Owner in Area Representative may be Transferred without the prior written consent of Franchisor;
- (b) No obligations, rights or interest of Area Representative in (i) this Agreement, (ii) the Area Representative Business, or (ii) all or substantially all of the assets of the Area Representative Business may be Transferred without the prior written consent of Franchisor;
- (c) Without limitation to the foregoing, any Transfer by Area Representative respecting and/or relating to this Agreement and/or the Area Representative Business and/or assets associated with the Area Representative Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of: (i) divorce or legal dissolution of marriage; (ii) insolvency; (iii) dissolution of a Corporate Entity; (iv) last will and testament; (v) intestate succession; or (vi) declaration of, or transfer in trust;
- (d) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement including, but not limited to this Section 10.2, shall constitute a breach of this Agreement and shall convey to the transferee no rights or interests in this Agreement; and
- (e) In the event of a Transfer of this Agreement that is approved by Franchisor, Area Representative shall not be relieved of Area Representative's obligations under this Agreement whether said obligations accrued and/or arose prior to and/or after the date of Transfer.

10.3 CONDITIONS FOR APPROVAL OF TRANSFER

Franchisor, in Franchisor's discretion, may withhold Franchisor's approval of a Transfer by Area Representative or an Owner. Without limitation to the foregoing, if Franchisor approves of a Transfer and if Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Section 10.6 below, The proposed transferee (including such assignee's owner(s) and spouse(s) if the proposed transferee is a Corporate Entity) must be of good moral character, have sufficient business experience, aptitude and financial resources to own and operate the Area Representative Business, have separately been approved for the ownership and operation of a Business within the Area Representative Territory, have acquired and/or owns a Business within the Area Representative Territory, and otherwise meet Franchisor's then applicable standards for Area Representatives as determined by Franchisor in Franchisor's sole discretion. Furthermore, the proposed transferee and the proposed transferee's owners and spouses may not own or operate, or intend to own or operate, a Competitive Business. Area Representative agrees that Franchisor may condition approval of a Transfer upon Area Representative's satisfaction (either before, or

contemporaneously with, the effective date of the Transfer) of the following:

- (a) Area Representative must provide written notice to Franchisor of the proposed Transfer of this Agreement at least 30 days prior to the Transfer, and Area Representative must have also satisfied the obligations set forth in Section 10.6 below;
- (b) All accrued monetary obligations of Area Representative and all other outstanding obligations to Franchisor and/or Franchisor's affiliates under this Agreement and the Ancillary Agreements must be satisfied in a timely manner, and Area Representative must satisfy all trade, supplier, and vendor accounts and other debts, of whatever nature or kind, in a timely manner;
- (c) Area Representative, each Owner, and each Spouse must not be in default or material breach of this Agreement or the Ancillary Agreements;
- (d) The transferee shall be bound by all terms and conditions of this Agreement, and each owner of the transferee and their respective spouses shall personally execute the Area Representative Owner and Spouse Agreement and Guaranty in the form attached to this Agreement as Exhibit 1. Each owner of the transferee shall also be required to execute agreements designated by Franchisor whereby the proposed transferee assumes each and every obligation and responsibility of Area Representative as set forth in this Agreement;
- (e) All obligations of Area Representative under this Agreement shall be assumed by the transferee, each individual owner of transferee, and their respective Owners and Spouses in a manner satisfactory to Franchisor;
- (f) Area Representative, each Owner, and each Spouse must execute a general release in favor of Franchisor releasing Franchisor, Franchisor's affiliates and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for any and all matters, claims, and causes of action, whether accrued or unaccrued, arising on, or before, the effective date of the Transfer;
- (g) Area Representative, each Owner, and each Spouse shall remain liable for all obligations to Franchisor set forth in this Agreement;
- (h) At the transferee's expense, the transferee, and the transferee's Owners must complete any training programs then in effect for area representatives upon terms and conditions set forth in this Agreement or as Franchisor otherwise reasonably requires;
- (i) Area Representative must pay the Transfer Fee to Franchisor;
- (j) Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information shall execute the Confidentiality Agreement attached to this Agreement as Exhibit 2;
- (k) Area Representative and transferee acknowledge and agree that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for area representatives as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of the Area Representative Business;

- (l) Area Representative and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;
- (m) The Transfer must be made in compliance with all applicable laws;
- (n) The Transfer cannot occur within 24 months of the Effective Date of this Agreement;
- (o) The assignee must own and operate a Business within the Area Representative Territory and in accordance with a Franchise Agreement with Franchisor; and
- (p) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against Area Representative or deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

10.4 DEATH OR DISABILITY OF OWNER

Upon the death or permanent disability of Area Representative (if Area Representative is an individual and not a Corporate Entity) or the Managing Owner (if Area Representative is a Corporate Entity), the executor, administrator, conservator or other personal representative of that person, or the remaining shareholders, members or partners, must appoint an Owner or Managing Owner (as applicable) within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability. The appointed Owner or Managing Owner (as applicable) must serve and qualify as Managing Owner and attend and successfully complete the Area Representative Initial Training Program within 90 days of the appointment. If Area Representative Business is not being managed by a Franchisor approved Owner or Managing Owner (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Area Representative Business for, and on behalf of, Area Representative at Area Representative's sole costs until an approved assignee is able to assume the management and operation of Area Representative Business. Franchisor's appointment of a manager for the Area Representative Business does not relieve Area Representative of its obligations under this Agreement, including this Section 10.4 or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Section 12, below. At all times, including while the Area Representative's Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Area Representative Business or to any creditor of Area Representative. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time in Franchisor's sole discretion.

Upon the death of Area Representative or any Owner, the executor, administrator, conservator or other personal representative of that deceased person must transfer his or her interest to a person Franchisor approves within a reasonable time, not to exceed 12 months from the date of death.

If Area Representative is an individual, then in the event of the death or permanent disability of Area Representative, this Agreement may be Transferred to any designated person, heir, or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the Transfer of this Agreement to such transferee of Area Representative shall be subject to the applicable terms and conditions of this Section 10, including Franchisor approval or disapproval of the Transfer in Franchisor's discretion and, if approved by Franchisor the Transfer shall not be valid or effective until Franchisor has received the properly executed legal documents, which Franchisor's attorneys deem necessary to properly and legally

document such Transfer of this Agreement. Furthermore, said transferee must agree to be unconditionally bound by the terms and conditions of this Agreement, personally guarantee the performance of Area Representative's obligations under this Agreement, and execute the Area Representative Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

10.5 TRANSFER TO WHOLLY OWNED CORPORATE ENTITY

In the event Area Representative is an individual/are individuals, this Agreement may be Transferred by Area Representative to a Corporate Entity (the "Assignee Corporate Entity"), provided that: (a) Area Representative has provided Franchisor with 30 days prior written notice of the proposed Assignment of this Agreement; (b) Area Representative (individually, jointly and severally as to each individual Area Representative) shall sign and be bound, individually, by the Area Representative Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (c) the Spouse of each Area Representative (individually, jointly and severally as to each individual Spouse) shall sign and be bound by the Area Representative Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1; (d) Area Representative has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further provided Franchisor with all additional documentation as Franchise may request concerning the proposed assignment and/or Assignee Corporate Entity; and (e) Area Representative is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements. Area Representative acknowledges and agrees that an assignment to an Assignee Corporate Entity shall not relieve Area Representative of Area Representative's individual obligations under this Agreement as such obligations existed between Area Representative and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

10.6 FRANCHISOR'S RIGHT OF FIRST REFUSAL

If Area Representative or an Owner desires to engage, in whole or in part, in a Transfer of Area Representative, this Agreement, and/or the Area Representative Business then Area Representative or such Owner (as applicable) must obtain a bona fide, signed written offer from the fully disclosed purchaser (the "Offer") and submit an exact copy of the Offer to Franchisor. Franchisor shall have 30 days after receipt of the Offer to decide whether Franchisor will purchase the interest in Area Representative and/or the Area Representative Business for the same price and upon the same terms contained in the Offer (however, Franchisor may substitute cash for any form of payment proposed in the Offer). If Franchisor notifies Area Representative that Franchisor intends to purchase the interest within said 30 day period, Area Representative or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional 60 days to prepare for closing. Franchisor shall be entitled to receive from Area Representative or Owner (as applicable) all customary representations and warranties given by Area Representative or Owner (as applicable) as the seller of the assets and/or the ownership interest or, at Franchisor's election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Area Representative or Owner (as applicable) may complete the Transfer to the purchaser pursuant to and in accordance with the terms of the Offer, provided that separate and apart from this Section 10.6 right of first refusal, Area Representative complies with the terms of this Section 10. However, if the sale to the purchaser is not completed within 120 days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Section 10.6. Franchisor's right of first refusal in this Section 10.6 shall not apply to any Transfer pursuant to and in compliance with Section 10.5 of this Agreement.

SECTION 11

LIMITED RENEWAL OF PARTIAL AREA REPRESENTATIVE RIGHTS

11.1 AREA REPRESENTATIVES LIMITED RENEWAL RIGHTS

Subject to Area Representative's satisfaction of the terms and conditions of this Section 11, for 1 Renewal Term, Area Representative possesses the option to renew Area Representative's obligations under this Agreement and certain rights of Area Representative under this Agreement, provided that:

- (a) Area Representative has complied with and has satisfied all of the terms, provisions and conditions of this Agreement and Area Representative has not otherwise breached this Agreement at any time;
- (b) At the time of renewal Area Representative owns and operates not less than one Area Representative Business and is in full compliance with the terms and conditions of all Area Representative Franchise Agreements;
- (c) Area Representative pays the Renewal Fee; and
- (d) Area Representative complies with the terms and conditions of this Section 11.

11.2 RENEWAL NOTICE OBLIGATIONS

Area Representative must give Franchisor written notice of Area Representative's election to renew this Agreement not less than 180 days before the end of the Initial Term, *time is of the essence*. To be effective, Franchisor must acknowledge, in writing, Area Representative's renewal request and Franchisor's acknowledgement of Area Representative's satisfaction of the renewal requirements, including the requirements set forth in this Section 11.

11.3 AREA REPRESENTATIVE'S LIMITED RIGHTS UPON RENEWAL DURING THE RENEWAL TERM

Upon renewal of this Area Representative Agreement, during the Renewal Term, if any, Area Representative's rights under this Agreement and in and to the Area Representative Business and the Area Representative Territory shall, in their entirety, revert back to Franchisor except that, as to Area Representative System Franchisees that signed a Business Franchise Agreement during the Initial Term of this Agreement, Area Representative shall, during the Renewal Term, be entitled to the payment of the Area Representative Royalty Commission, provided that:

- (a) Area Representative continues to perform and provide, in accordance with the terms of this Agreement and Franchisor's standards and specifications as determined by Franchisor from time to time, the Area Representative Services comprised exclusively of the On-Going Support Services, Franchisee Relationship Services, and Inspection Services; and
- (b) Area Representative continues to comply with each and every term, provision, covenant, and obligation of this Agreement with the express understanding and agreement that except as to Area Representative's pre-renewal obligation to perform the Referral Services, Site Services, Pre-Opening and Opening Services, each and every term, provision, covenant, and obligation of this

Agreement as set forth in this Agreement and applicable during the Initial Term shall be applicable to the Renewal Term.

Without limitation to the foregoing, Area Representative acknowledges and agrees that during the Renewal Term, among other things Area Representative shall not be entitled to payment of any Initial Net Franchise Fee Commission and that all compensation and/or Commissions to be paid to Area Representative during the Renewal Term shall be limited to Area Representative Royalty Commissions based on Area Representative System Franchisees that signed a Business Franchise Agreement during the Initial Term of this Agreement. Without limitation to the foregoing, among other things, all rights in the Area Representative Territory shall revert back to Franchisor and Franchisor, in Franchisor's sole discretion, among other things, may offer and sell Business franchises within the Area Representation Territory without any payments and/or compensation to Area Representative.

11.4 CONDITIONS FOR RENEWAL

In addition to the conditions and requirements stated above in this Section 11, each and every one of the following conditions and requirements must be satisfied by Area Representative before and at the time of renewal:

- (a) Area Representative, each Owner and each Spouse (as applicable) must not be in material default of any provision of this Agreement, any amendment or successor agreement, and any Franchise Agreement; and Area Representative must have substantially and timely complied with all the terms and conditions of all agreements with Franchisor and Franchisor's affiliates;
- (b) Area Representative must have timely satisfied all monetary obligations owed by Area Representative to Franchisor under this Agreement, Business Franchise Agreements, and all other agreements between Area Representative and any of Franchisor's affiliates;
- (c) Based upon an assessment of Area Representative's needs conducted by Franchisor prior to renewal, Area Representative must undertake such additional training, if any, as necessary to comply with Franchisor's then current training requirements, including Initial Franchisee Training; and
- (d) Area Representative and the Owners must execute the general release in favor of Franchisor, Franchisor's affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders. If precluded by law from giving a general release, Area Representative shall execute an estoppel statement.

SECTION 12

DEFAULTS AND REMEDIES

12.1 TERMINATION BY FRANCHISOR

- (a) **Automatic Termination** Area Representative shall be in default of this Agreement, and Area Representative's rights under this Agreement shall be automatically and immediately terminated, without notice to Area Representative and without providing Area Representative any opportunity to cure, upon the

occurrence of any one or more of the following actions, inactions, events, and/or circumstances:

- (i) Area Representative becomes insolvent;
- (ii) Area Representative makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;
- (iii) Area Representative admits in writing Area Representative's inability to pay its debts as they mature;
- (iv) Area Representative gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations and/or pending suspension of operations;
- (v) Area Representative files a voluntary petition in bankruptcy;
- (vi) Area Representative is adjudicated bankrupt or insolvent;
- (vii) An involuntary petition in bankruptcy is filed against Area Representative;
- (viii) Area Representative files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any applicable federal and/or state law relative to bankruptcy, insolvency or similar relief for debtors;
- (ix) A court of competent jurisdiction enters an order, judgment or decree approving a petition filed against Area Representative seeking any relief described in Section 12.1(a)(viii), and: (1) Area Representative acquiesces in the entry of such order, judgment or decree (the term "acquiesce" as used in this Section 12.1(a)(ix) shall include, without limitation, Area Representative's failure to file a petition or motion to vacate or discharge any order, judgment or decree within 60 days after entry of such order, judgment or decree), or (2) such order, judgment or decree shall remain for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;
- (x) Area Representative seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian or liquidator for Area Representative's business or any assets of Area Representative;
- (xi) A bill in equity or other proceeding for the appointment of any trustee, receiver, conservator, custodian or liquidator of Area Representative for Area Representative's business or any assets of Area Representative is filed and Area Representative consents to same
- (xii) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian or liquidator for Area Representative's business or any assets of Area Representative and such appointment or order remains for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;
- (xiii) Area Representative initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Area Representative;
- (xiv) This Agreement, or any of Area Representative's rights under this Agreement, is levied upon under any attachment or execution;
- (xv) Execution is levied upon or against Area Representative's business or any assets of Area Representative;

(xvi) A final judgment against Area Representative remains of record or unsatisfied for 30 days or more, unless an appeal and/or supersedeas bond is filed;

(xvii) Area Representative is dissolved;

(xviii) Upon termination by Franchisor pursuant to Section 12.1(b) of this Agreement; and/or

(xix) Upon termination by Franchisor pursuant to Section 12.1(c) of this Agreement.

(b) **Automatic Termination Upon Written Notice** Area Representative shall be in default of this Agreement and Area Representative's rights under this Agreement may be terminated by Franchisor, in Franchisor's sole discretion, upon written notice from Franchisor to Area Representative of any one of the following events and/or the occurrence of any one or more of the following actions, events and/or circumstances with such termination effective on the date of Franchisor's notice:

(i) Area Representative Abandons the Area Representative Business and/or surrenders the Area Representative Business;

(ii) Area Representative failing or refusing on more than three occasions during the Initial Term or, if applicable, the Renewal Term, to timely submit to Franchisor any records, reports, videotapes, recordings, books, accounts, statements, data, documentation or other information in accordance with this Agreement;

(iii) Area Representative attempts to Transfer, or any purported Transfer of, this Agreement or any of Area Representative's rights under this Agreement to a third party without Franchisor's prior written consent and/or otherwise not in accordance with this Agreement;

(iv) Area Representative discloses, divulges, and/or communicates to any unauthorized person or entity the operations manual and/or any contents of, or any information contained in, the operations manual;

(v) Area Representative discloses, divulges, and/or communicates to any unauthorized person or entity any Confidential Information;

(vi) Area Representative fails or refuses on more than three occasions to substantially comply with any of the requirements imposed by this Agreement or the operations manuals;

(vii) Area Representative materially breaches, or is in material default of, this Agreement or engaging in any other activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, and/or Businesses;

(viii) Area Representative, an Owner, and/or a Spouse (as applicable) materially breaches, or is in material default of the Area Representative Owner and Spouse Agreement and Guaranty attached hereto as Exhibit 1;

(ix) Conviction of Area Representative and/or an Owner of a felony or Area Representative or an Owner pleading guilty or nolo contendere to a felony;

(x) Area Representative and/or an Owner engages in dishonest or unethical conduct that results, in Franchisor's reasonable judgment, in embarrassment to Franchisor and/or the System;

(xi) Area Representative and/or an Owner fails to comply with Anti-Terrorism Laws or become listed on the Annex to Executive Order 13244;

(xi) Area Representative fails to: (1) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (2) immediately notify Franchisor of facts and information that would cause a reasonable person to believe that a person or entity violated the Confidentiality Agreement and/or is in the process of violating the Confidentiality Agreement; and/or (3) take reasonable steps (including notice to Franchisor and Area Representative's consultation with Area Representative's legal counsel) to prevent any person or entity from violating the terms of the Confidentiality Agreement;

(xiii) Area Representative misappropriates, misuses, or makes any unauthorized use of the Licensed Marks, the Confidential Information, and/or the System, Area Representative materially impairs the goodwill associated with the Licensed Marks, and/or Area Representative applies for registration of the Licensed Marks anywhere in the world;

(xiv) Area Representative and/or Area Representative's affiliate fails, refuses, and/or is unable to pay any payment, fee, financial obligation, and/or monetary obligation payable to Franchisor and/or Franchisor's affiliates pursuant to this Agreement and/or any other agreement between or among Franchisor, Franchisor's affiliate, Area Representative and/or Area Representative's affiliate within 10 calendar days following written notice of same from Franchisor and/or Franchisor's affiliate;

(xv) Area Representative and/or an Area Representative Affiliate terminates the Franchise Agreement for any Area Representative Business or Business;

(xvi) Area Representative and/or an Area Representative Affiliate breaches the terms of an Area Representative Business Franchise Agreement and, if such breach is capable of a cure, Area Representative and/or the Area Representative Affiliate fails to timely cure such breach;

(xvii) Area Representative and/or an Area Representative Affiliate breaches the terms of an Area Representative Business Franchise Agreement and, pursuant to the terms of such Area Representative Business Franchise Agreement, is not capable of curing; and/or

(xviii) Area Representatives fails to timely meet and/or satisfy Area Representative's Development Period Quota Development Obligations and/or Area Representative's Development Quota and/or Development Schedule obligations as set forth in this Agreement including, but not limited to, Section 4 and Schedule 2 of this Agreement.

(c) **Termination After Cure Period** Area Representative shall be in default of this Agreement, and Area Representative's rights under this Agreement shall be terminated, upon 30 calendar days written notice (specifying the default of this Agreement and/or the actions, inactions, failures, circumstances, and/or events that must be cured by Area Representative) to Area Representative (the "Notice Period") upon the occurrence of any one or more of the following actions, inactions, events, and/or circumstances with such termination effective upon expiration of the Notice Period, unless cured by Area Representative within the Notice Period:

(i) Area Representative fails or refuses to comply with any term or condition of this Agreement or any other agreement between or among Franchisor, Franchisor's affiliates, Area Representative and/or Area Representative's affiliates;

- (ii) Area Representative fails to develop, open, and/or operate the Area Representative Business in accordance with this Agreement and throughout the Term;
- (iii) Area Representative fails to develop, open and operate Area Representative's Business on or before the Scheduled Business Commencement Date;
- (iv) Area Representative operates the Area Representative's Business in any manner that violates any federal, state, or local laws, rules, and regulations including, but not limited to, laws, rules and regulations governing the offer and/or sale of franchises within the Area Representative Territory;
- (v) Area Representative fails to maintain, or suffers cancellation of, any insurance policy required under this Agreement;
- (vi) Area Representative fails or refuses to comply with any specification, standard or operating procedure designated by Franchisor or otherwise set forth in the operations manual; or
- (vii) Area Representative breaches any term or provision of this Agreement and/or fails to comply with any term, condition, and/or obligations set forth in this Agreement.

(d) **Additional Termination Rights** Area Representative agrees that Area Representative's strict and exact compliance with and performance of all the terms and conditions of this Agreement is necessary for the protection of Franchisor, the System, the Licensed Marks, Businesses, and the goodwill, brand, and reputation associated therewith. Area Representative agrees that Area Representative's failure to strictly and exactly comply and perform in accordance with each of the terms and conditions of this Agreement shall constitute a default under, and a material breach of, this Agreement. Accordingly, in addition to the actions, inactions, events, and/or circumstances specified as a default in Section 12.1(a), 12.1(b), and 12.1(c), above, or elsewhere in this Agreement, Area Representative's failure to perform and comply with each and every term and condition set forth in this Agreement shall constitute a default under this Agreement and a material breach of this Agreement. In the event of a default or material breach not otherwise specified as a default in Section 12.1(a), 12.1(b), and 12.1(c) above, or elsewhere in this Agreement (a "General Default"), then Franchisor shall notify Area Representative in writing of such General Default, and Franchisor will specify in such notice the default or material breach of this Agreement and/or the actions, inactions, failures, circumstances, and/or events that must be cured by Area Representative. If Area Representative fails to remedy or cure such default within 30 days of such notice, or such longer period time as may be required by law, then Franchisor may terminate Area Representative's rights under this Agreement without further notice to Area Representative.

12.2 TERMINATION BY AREA REPRESENTATIVE

If Area Representative, each Owner and Spouse (as applicable) are in full compliance with each and every term and provision of this Agreement, and Franchisor materially breaches Franchisor's substantive and material obligations set forth in this Agreement, Area Representative may terminate this Agreement in the event of the following: (a) Franchisor does not correct the material breach within 30 days after Franchisor's receipt of Area Representative's written notice of such material breach to Franchisor; or (b) in a case where Franchisor's material breach cannot reasonably be cured within 30 days, within 30 days of Franchisor's receipt of Area Representative's written notice of Franchisor's material breach, Franchisor shall be provided a reasonable time period to cure such material breach provided that Franchisor provides reasonable evidence to Area Representative of Franchisor's current, continuing and/or planned efforts to correct the material breach within a reasonable time.

In either case, Area Representative's termination of this Agreement shall not take effect until, as applicable,

expiration of the 30 day period set forth above or such reasonable time period as necessary to cure the material breach, and Area Representative delivers to Franchisor a separate written notice of termination. The termination date must be at least 10 days after Franchisor's receipt of Area Representative's notice of termination. Area Representative's termination of this Agreement for any reason other than in compliance with this Section 12.2 shall not constitute the termination of this Agreement and shall constitute a material breach of this Agreement by Area Representative.

To induce Franchisor to enter into this Agreement Area Representative, each Owner and each Spouse agree that if Area Representative terminates this Agreement pursuant to this Section 12.2 that Area Representative, each Owner and each Spouse shall nevertheless comply with and be bound by all restrictions and the post-term obligations set forth in Section 7 of this Agreement.

12.3 FRANCHISOR'S OTHER REMEDIES

In the event of Area Representative's breach of any provision of this Agreement or Area Representatives default under this Agreement, Franchisor, at Franchisor's sole discretion, shall be entitled to the following remedies and rights in addition to any other rights and remedies available to Franchisor set forth in this Agreement, at law, or in equity: (a) void and terminate this Agreement, and market, sell, transfer, convey and assign the rights granted to Area Representative under this Agreement to any other person or entity at Franchisor's discretion; (b) hold Area Representative liable for, and recover from Area Representative, the Noncompliance Fee and/or all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Section 14.10 below), losses, interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses, and charges resulting from Area Representative's default or material breach; (c) exercise all legal and equitable rights and remedies allowable by applicable law; (d) recover from Area Representative all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Section 14.10 below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses, and charges to reclaim the rights granted to Area Representative under this Agreement, and marketing, selling, transferring, conveying or assigning those rights to another person or entity; (e) enjoin, prohibit or otherwise prevent Area Representative from operating the Area Representative Business or exercising any rights granted to Area Representative under this Agreement pursuant to a court ordered restraining order, injunction or other means; (f) recover from Area Representative all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Section 14.10 below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses and charges resulting from, or associated with, enjoining, restraining, prohibiting, or otherwise preventing Area Representative from operating Area Representative Business or exercising any rights granted to Area Representative under this Agreement pursuant to a court ordered restraining order, injunction or other means; (g) a declaratory judgment that this Agreement and all rights granted to Area Representative under this Agreement are terminated, null and void; and (h) recover from Area Representative all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Area Representative pursuant to this Agreement. Franchisor's rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled by law to enforce.

12.4 GUARANTY

The payment of all payments, amounts, fees, charges and other financial obligations payable by Area Representative to Franchisor pursuant to this Agreement, and Area Representative's observance and performance of all terms and conditions of this Agreement, are guaranteed, if applicable, pursuant to The Area Representative Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1.

12.5 NOTICE OF LEGAL PROCEEDINGS AGAINST FRANCHISOR

Area Representative shall give Franchisor advance written notice of Area Representative's intent to commence or otherwise institute any legal action or proceeding against Franchisor, specifying the basis for such proposed action, and Area Representative shall grant Franchisor 30 days from receipt of said notice to cure the alleged act upon which such legal action is to be based (hereinafter, the "30 Day Cure Notice"). Area Representative expressly understands, acknowledges and agrees that the 30 Day Cure Notice is a strict condition precedent to Area Representative commencing, or otherwise instituting, legal action or proceeding against Franchisor for any reason whatsoever.

SECTION 13

OBLIGATIONS UPON TERMINATION, EXPIRATION,

AND CONTINUING OBLIGATIONS

13.1 PAYMENT OF AMOUNTS OWED TO FRANCHISOR

Without limitation to any other Article or provision of this Agreement, upon expiration or termination of this Agreement for any reason, Area Representative shall immediately pay to Franchisor all sums and fees due from Area Representative to Franchisor under the terms of this Agreement including, but not limited to Royalty Fees and Advertising Contributions and all other sums and fees due from Area Representative to Franchisor, Franchisor's affiliates and suppliers.

13.2 CEASE OPERATIONS, USE OF SYSTEM AND PROTECTION OF THE SYSTEM

Upon expiration, termination, or Transfer of this Agreement for any reason, Area Representative shall possess no rights in or to the Area Representative Business, the Area Representative Territory or any rights granted to Area Representative in this Agreement and, Area Representative shall immediately:

- (a) Permanently cease operating the Area Representative Business;
- (b) Permanently cease holding itself/himself/herself out to any person or entity, or represent itself/himself/herself, as a present or former area representative of the System;
- (c) Permanently cease to use, in any manner: (i) the System including, without limitation, the Confidential Information, the Licensed Marks, the Business Management System Data, and the operations manual; (ii) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or that constitute Franchisor's trade secrets; and (iii) any other advertising, marketing, media, and any other information, documents or things associated

with Franchisor, the System, the Licensed Marks, and the Area Representative Business;

(d) Return to Franchisor the operations manual (including any and all parts, supplements, and copies of the operations manual), the Confidential Information (including without limitation the Business Management System Data and all customer lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Area Representative may retain Area Representative's copies of this Agreement, correspondence between Franchisor and Area Representative, but not including Confidential Information that may be contained in or attached thereto, and other documents that Area Representative needs to retain pursuant to applicable law;

(e) Permanently cease accessing, immediately disconnect from, and discontinue using any and all digital media, intra-nets, cloud based systems, and/or servers that store, maintain, and/or provide access to the operations manual, Confidential Information, and all other standards, specifications of Franchisor;

(f) Immediately notify Franchisor, in writing, of any and all locations where Area Representative may have maintained and/or stored digital files and/or media containing all or parts of the operations manual, any Confidential Information, and all other standards and specifications of Franchisor, immediately turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;

(g) Take all actions necessary and/or reasonably required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(h) At no cost to Franchisor, take such action as may be determined by Franchisor to: (i) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all customer lists, customer information, and customer data; (ii) transfer, disconnect, and/or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, Web Based Media listings, Digital Media, accounts and log-in information used in connection with Area Representative's former Area Representative Business and/or otherwise associated with the System and/or the Licensed Marks, cancel Area Representative's interests in same as such cancellation may be directed by Franchisor;

(i) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Section 7 of this Agreement.

(j) Provide Franchisor, within 30 days of the expiration, termination, or Transfer of this Agreement, with written proof demonstrating that Area Representative has complied with the terms of this Section 13 and all other obligations under this Agreement that Area Representative must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

13.3 CONTINUING OBLIGATIONS

All obligations of Franchisor and Area Representative under this Agreement which expressly, or by their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement shall continue in full force and effect subsequent to, and notwithstanding this Agreement's termination, expiration, or Transfer until such obligations are satisfied in full or, by the nature and/or terms, such

obligation(s) expire.

Area Representative further agrees that in the event of a Transfer of this Agreement by Area Representative, whether or not such Transfer is authorized by Franchisor or made in violation of this Agreement, under no circumstance shall Area Representative be relieved of Area Representative's Obligations under this Agreement and under no circumstance shall each Owner and Spouse be relieved of their respective guarantees, agreements, and obligations related to, or associated with, this Agreement, including, without limitation, the guarantees, agreements, and obligations set forth in this Agreement, the Area Representative Owner and Spouse Agreement and Guaranty attached to this Agreement as Exhibit 1. The foregoing shall not be interpreted or otherwise construed as constituting consent to any Transfer of this Agreement without the express written consent by Franchisor and Area Representative's compliance with this Agreement respecting any such Transfer.

SECTION 14

ENFORCEMENT, CONSTRUCTION AND INDEMNIFICATION

14.1 SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

Except as expressly provided to the contrary in this Agreement, Franchisor and Area Representative agree that each term and condition of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and condition of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term and condition of this Agreement is found by a court of competent jurisdiction, agency, or other governmental agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or "blue-lined" to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or "blue-lined" in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed and enforced as if such term and condition was not included in this Agreement.

If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Area Representative agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

14.2 WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor's rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor's other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Area Representative payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Area Representative's default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor's insistence upon Area Representative's strict compliance with Area Representative's obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

14.3 FORCE MAJEURE

If either Franchisor or Area Representative is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God and/or labor strikes unassociated with Area Representative or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not excuse Area Representative's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six months.

14.4 SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks or the System. Without limitation to the rights set forth in Article 6 of this Agreement, Area Representative agrees that Franchisor may obtain such injunctive relief. Area Representative agrees that Franchisor will not be required to post a bond (other than as set forth in Article 6.H of this Agreement) to obtain injunctive relief and that Area Representative's only remedy if an injunction is entered against Area Representative will be the dissolution of that injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). The remedies available to Franchisor under Article 6.H, are not exclusive of one another and may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Without limitation to the foregoing Area Representative agrees that in the event of a breach of this Agreement by Area Representative respecting and/or concerning the System and/or the Licensed Marks shall cause irreparable harm to Franchisor, the System and the Licensed Marks. The foregoing shall not be interpreted to invalidate the mediation and arbitration requirements set forth in Article 18.G, of this Agreement and shall be consistent

with same.

14.5 RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Area Representative under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Area Representative is entitled by law to enforce.

14.6 GOVERNING LAW

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *ET SEQ.*) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEVADA, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF NEVADA SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

14.7 CHOICE OF LAW, NON-BINDING MEDIATION, BINDING ARBITRATION, AND CONSENT TO JURISDICTION

- (1) **Non-Binding Mediation** – Area Representative and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Area Representative in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association (“AAA”) in accordance with the AAA’s then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Clark County, Nevada or, if a mediator is not available in Clark County, Nevada then at a suitable location selected by the mediator that is located closest to Clark County, Nevada. Mediation shall be conducted by one mediator and if Franchisor and Area Representative cannot agree on a mediator then the mediator shall be selected by the AAA. Mediation shall be conducted within 45 days of the AAA’s designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Area Representative in writing and signed by each respective party. Franchisor and Area Representative shall each be responsible for their own costs associated with mediation and Franchisor and Area Representative shall each be responsible for and shall each pay 50% of the mediator’s fee and the AAA’s mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Area Representative agree this Sub-Article 18.G.(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor’s election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Area Representative that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Area Representative’s violation or purported violation of Article 6 of this Agreement; and/or (b) claims by either Franchisor or Area Representative under this Agreement that relates to either Franchisor’s or

Area Representative's failure to pay fees or other monetary obligations due under this Agreement.

- (2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Article 18.G.(1), and, except, at Franchisor's election, as to any claims or disputes related to or concerning a breach of this Agreement by Area Representative that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Area Representative's violation or purported violation of Article 6 of this Agreement, Franchisor and Area Representative agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Area Representative, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Area Representative, to the AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA's then current rules for commercial disputes, except as may be otherwise required in this Article 18.G. All arbitration proceedings shall be conducted in Clark County, Nevada or, if suitable AAA facilities are not available in Clark County, Nevada then at a suitable AAA location selected by the arbitrator that is located closest to Clark County, Nevada.

In connection with binding arbitration, Franchisor and Area Representative further agree that:

- (a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;
- (b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;
- (c) The arbitrator shall render written findings of fact and conclusions of law;
- (d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Articles 18.I., 18.J., 18.N., 18.O., 18.R., 18.T., and 18.X. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;
- (e) They shall each be bound to the limitations periods set forth in Article 18.I. of this Agreement and that, in any arbitration proceeding, Franchisor and Area Representative must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;
- (f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction;

- (g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Article 18.

- (3) **Consent to Jurisdiction and Venue** – Subject to the non-binding mediation and arbitration provisions set forth in this Article 18.G, Franchisor and Area Representative agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Nevada and within Clark County or the county closest to Clark County. Franchisor and Area Representative do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Area Representative agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Area Representative resides.

14.8 VARIANCES

AREA REPRESENTATIVE ACKNOWLEDGES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. AREA REPRESENTATIVE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. AREA REPRESENTATIVE UNDERSTANDS THAT EXISTING AREA REPRESENTATIVES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING AREA REPRESENTATIVES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

14.9 LIMITATIONS OF CLAIMS

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO AREA REPRESENTATIVE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR PURSUANT TO THIS AGREEMENT, FRANCHISOR'S ENFORCEMENT OF THE RESTRICTIVE COVENANTS SET FORTH IN SECTION 7 OF THIS AGREEMENT, AND AREA REPRESENTATIVE'S OBLIGATION TO INDEMNIFY FRANCHISOR IN ACCORDANCE WITH THIS AGREEMENT, ANY AND ALL CLAIMS AND/OR CAUSES OF ACTION ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN AREA REPRESENTATIVE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH AREA REPRESENTATIVE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

14.10 WAIVER OF PUNITIVE DAMAGES

FRANCHISOR AND AREA REPRESENTATIVE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT, PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM: (A) ALLOWED BY FRANCHISOR OR AREA REPRESENTATIVE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS BY FRANCHISOR OR AREA REPRESENTATIVE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

14.11 WAIVER OF JURY TRIAL

FRANCHISOR AND AREA REPRESENTATIVE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

14.12 BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Area Representative and Franchisor.

14.13 COMPLETE AGREEMENT

This Agreement, the documents referred to in this Agreement and the Schedules and Exhibits to this Agreement, constitute the entire, full and complete Agreement between Franchisor and Area Representative concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Area Representative. Notwithstanding the foregoing, the disclosure document (as registered with certain states, required by federal law or otherwise and provided to Area Representative or its representative) shall not be deemed to constitute a part of this Agreement nor as a separate, binding agreement concerning the subject matter hereof. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and its amendments. The foregoing shall not constitute and does not constitute any disclaimer as to the express representations made by Franchisor in the Franchise Disclosure Document disclosed to Area Representative in connection with this Area Representative Agreement.

14.14 ATTORNEY FEES AND EXPENSES

Area Representative agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Area Representative's breach of this Agreement then Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

14.15 WAIVER OF CLASS-ACTION: INDIVIDUAL DISPUTE RESOLUTION AND NO MULTI-PARTY ACTIONS

FRANCHISOR AND AREA REPRESENTATIVE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE FRANCHISED AREA REPRESENTATIVE BUSINESS FROM FRANCHISOR TO AREA REPRESENTATIVE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND, THAT ANY PROCEEDING BETWEEN AREA REPRESENTATIVE, AREA REPRESENTATIVE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

14.16 ACCEPTANCE BY FRANCHISOR

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

14.17 OPPORTUNITY FOR REVIEW BY AREA REPRESENTATIVE'S ATTORNEY, RISK WARNING, AND ACKNOWLEDGMENT OF NO PROMISES BY FRANCHISOR

Area Representative acknowledges and represents that prior to the signing of this Agreement that Franchisor recommended and that Area Representative had the opportunity to have this Agreement and the Franchise Disclosure Document reviewed by Area Representative's lawyer, accountant and other business advisors. Area Representative expressly, acknowledges, agrees, and represents that:

(a) BEFORE SIGNING THIS AREA REPRESENTATIVE AGREEMENT, AREA REPRESENTATIVE CAUTIONED THAT AREA REPRESENTATIVE SHOULD REVIEW THIS AGREEMENT AND FRANCHISOR'S AREA REPRESENTATIVE FRANCHISE DISCLOSURE DOCUMENT WITH AN ATTORNEY;

(b) THAT FRANCHISOR HAS NOT MADE ANY FINANCIAL PERFORMANCE REPRESENTATIONS AS TO THE AREA REPRESENTATIVE BUSINESS AND, AS SUCH, FRANCHISOR HAS NOT MADE ANY REPRESENTATION OR PROMISE WHATSOEVER AS TO, AMONG OTHER THINGS, THE REVENUE, INCOME AND/OR PROFITS THAT AREA REPRESENTATIVE MAY OR MAY NOT GENERATE FROM THE AREA REPRESENTATIVE BUSINESS;

(c) THE SUCCESS OF THE AREA REPRESENTATIVE BUSINESS INVOLVES SUBSTANTIAL RISKS AND DEPENDS ON AREA REPRESENTATIVE'S ABILITY AS AN INDEPENDENT BUSINESS PERSON AND AREA REPRESENTATIVES ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE AREA REPRESENTATIVE BUSINESS; AND

(d) AREA REPRESENTATIVE HAS ENTERED INTO THE AREA REPRESENTATIVE AGREEMENT AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE PROPOSED AREA REPRESENTATIVE BUSINESS, AND NO ASSURANCE OR WARRANTY, EXPRESS OR IMPLIED, HAS BEEN GIVEN AS TO THE POTENTIAL SUCCESS OF SUCH BUSINESS NOR HAS ANYONE MADE ANY OTHER WARRANTY OR REPRESENTATION WHICH IS NOT EXPRESSLY CONTAINED IN THIS AGREEMENT TO INDUCE AREA REPRESENTATIVE OR ANY OWNERS TO EXECUTE THE AREA REPRESENTATIVE AGREEMENT; AND

(e) AREA REPRESENTATIVE ACKNOWLEDGES RECEIPT OF FRANCHISOR'S AREA REPRESENTATIVE FRANCHISE DISCLOSURE DOCUMENT NO LESS THAN 14 CALENDAR DAYS AND 10 BUSINESS DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT AND/OR THE PAYMENT OF ANY SUMS BY AREA REPRESENTATIVE TO FRANCHISOR.

14.18 NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS AND/OR AUTHORIZED AGENTS

Area Representative agrees that the fulfillment of any of Franchisor's obligations written in this Agreement ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Area Representative for any reason. In addition to the foregoing, Franchisor and Area Representative are not joint employers.

14.19 NON-UNIFORM AGREEMENTS

Area Representative acknowledges and agrees that Franchisor makes no representations or warranties that all other agreements with other System franchisees entered into before or after the Effective Date of this Agreement do or will contain terms substantially similar to those contained in this Agreement. Area Representative acknowledges and agrees that Franchisor may waive or modify comparable provisions of other agreements to other System franchisees in a non-uniform manner.

14.20 NO RIGHT TO OFFSET BY AREA REPRESENTATIVE

Area Representative shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Area Representative, or for any other reason, withhold any payment, fee, or any other amount payable by Area Representative to Franchisor pursuant to this Agreement.

14.21 HEADINGS

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

14.22 AUTHORITY TO EXECUTE AND BIND

Each party acknowledges, warrants and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

14.23 COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES.

This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement, and the signature pages of which may be detached from the several counterparts and attached to a single copy of this Agreement to physically form a single document.

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14.24 JOINT AND SEVERAL LIABILITY

If Area Representative consists of more than one person or entity, then their liability under this Agreement shall be joint and several.

14.25 INDEMNIFICATION OF FRANCHISOR BY AREA REPRESENTATIVE

Area Representative agrees to indemnify, defend and hold Franchisor, Franchisor's affiliates, officers, directors, members, and managers harmless from any and all claims, causes of action, judgments, suits, liabilities, charges, fines, penalties, penalties and/or other liabilities (including the recovery of reasonable attorney fees and expenses) suffered by Franchisor, incurred by Franchisor and/or charged to Franchisor as a result of and/or related to: (a) Area Representative's breach of this Agreement, (b) Area Representative's failure to perform an obligation as set forth in this Agreement, (c) intentional acts of Area Representative, and/or (d) negligent acts of Area Representative.

14.26 RECITALS AND REPRESENTATIONS

The parties agree that the recitals and representations contained on the first page of this Agreement constitute a material part of this Agreement and are hereby fully incorporated into the terms and conditions of this Agreement.

SECTION 15 **NOTICES**

All written notices and reports permitted or required to be delivered by this Agreement or the operations manual shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and electronically as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Area Representative to Franchisor unless given in strict compliance with this Agreement.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Area Representative shall request such approval in writing, and Franchisor shall respond within 10 business days after receiving Area Representative's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Area Representative shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed, sealed and delivered this Agreement in duplicate on the Effective Date set forth and defined in this Agreement.

Franchisor:

Toro Taxes Franchise, LLC

Area Representative:

By: _____

Signature

Signature

Name and Title

Name (please print)

Dated _____

Dated _____

Signature

Name (please print)

Dated _____



Area Representative Agreement – Schedule 1
Area Representative Territory

Area Representative Territory – Franchisor and Area Representative agree that the “Area Representative Territory”, as such term is identified and defined in the Area Representative Agreement, is identified, as follows:

[For this Schedule to be Effective this Schedule Must be Completed and Signed by Franchisor. If no territory is identified in this Schedule 1 then there shall be no Area Representative Territory]

Area Representative acknowledges and represents that the foregoing determination as to Area Representative Territory was based on negotiations initiated by Area Representative and for Area Representative’s benefit.

Franchisor:

Toro Taxes Franchise, LLC

Area Representative:

By: _____

Area Representative Signature

Title

Name (please print)

Area Representative Signature

Name (please print)



Area Representative Agreement – Schedule 2
Area Representative Territory Fee, Development Quota and
Development Schedule

Area Representative Territory Fee	Aggregate Development Quota
\$ _____	_____

Development Schedule – The Development Schedule, as such term is set forth and defined in the Area Representative Agreement is:

Development Schedule		
Development Period	Number of Development Business Franchise Agreements signed during each respective Development Period:	Number of Development Businesses open and in operation (in accordance with the terms of each respective Development Business Franchise Agreement) within the Area Representative Territory during and within each respective Development Period as of the last day of the last calendar month for the respective Development Period:
Development Period 1: _____ TO _____	_____	_____
Development Period 2: _____ TO _____	_____	_____
Development Period 3: _____ TO _____	_____	_____
Development Period 4: _____ TO _____	_____	_____
Development Period 5: _____ TO _____	_____	_____

[SIGNATURE PAGE TO FOLLOW]

Franchisor:

Toro Taxes Franchise, LLC

By: _____

Title

Area Representative:

Area Representative Signature

Name (please print)

Area Representative Signature

Name (please print)



Area Representative Agreement – Schedule 3
Statement of Area Representative’s Owners

If Area Representative is a Corporate Entity, Area Representative does hereby affirm and acknowledge that, as of the Effective Date:

1. The Following is a list of each Owner of Area Representative and, among other things, all shareholders, partners, members, and other investors in Area Representative, including all investors who own or hold a direct or indirect financial and/or equity interest in Area Representative:

Name	Address	Ownership Interest Percentage

2. The following Owner is hereby also designated by Area Representative as the “Managing Owner”:

Name

Area Representative:

Area Representative Signature

Name (please print)

Area Representative Signature

Name (please print)



Area Representative Agreement – Exhibit 1

Area Representative Owner and Spouse Agreement and Guaranty



AREA REPRESENTATIVE OWNER AND SPOUSE AGREEMENT AND GUARANTY

This Area Representative Owner and Spouse Agreement and Guaranty (the “Agreement”) is entered into by: (a) each of the undersigned owners of Area Representative (defined below); and (b) the spouse of each such owner, in favor of Toro Taxes Franchise, LLC, a Nevada limited liability company, and its successors and assigns (“us”, “our” or “we”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you”.

Recitals and Representations

WHEREAS, we have entered into an Area Representative Agreement with [[_____]] (hereinafter referred to as “Area Representative”);

WHEREAS, you acknowledge and agree that we have developed a distinctive and proprietary system (the “System”) for the development and operation of a business that offers and provides: (i) individual income tax preparation, filing and related services for individuals; and (ii) business division services that include income tax preparation services, bookkeeping and related administrative services for businesses and other services and products that we authorize (the “System Products and Services”) under the Licensed Marks (defined below) (each, a “Business” or “Toro Taxes Business”);

WHEREAS, As part of the System, for qualified area representatives pursuant to the terms of our Area Representative Agreement, we has developed systems and procedures for the marketing and promotion of Toro Taxes Business franchise opportunities and Toro Taxes single unit franchisee training and operational support services (the “Area Representative Services”) and, as to those area representatives authorized to provide Area Representative Services under our Area Representative Agreement, the term System further includes our designated procedures, specifications, marketing plans, development strategies, equipment and supplies, confidential information and trade secrets for the development and operation of a business that offers and provides the Area Representative Services (an “Area Representative Business”);

WHEREAS, Area Representative has entered into a Toro Taxes Business Area Representative Agreement (the “Area Representative Agreement”) for the ownership, development and operation of an Area Representative Business (the “Franchised Business”);

WHEREAS, you have received and have thoroughly reviewed the completed Area Representative Agreement, including the completed Schedules and Exhibits attached thereto;

WHEREAS, we have recommended that you thoroughly review the Area Representative Agreement, this Agreement and all exhibits and schedules to the Area Representative Agreement with a lawyer selected and hired by you;

WHEREAS, you represent to us that you are either: (a) an Owner of Area Representative such that you own or control a legal, equitable or beneficial ownership or equity interest in Area Representative and/or otherwise meet the definition of an “Owner” as set forth in this Agreement; and/or (b) the “Spouse” of an Owner of Area Representative;

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WHEREAS, you acknowledge that this Agreement will apply to you individually, jointly and severally with all others who sign this Agreement (including if this Agreement is signed in counterparts or electronically among other Owners and Spouses);

WHEREAS, you acknowledge that this Agreement, among other things, personally obligates you to guarantee Area Representative's obligations to us and obligates you to brand protection, confidentiality and non-competition restrictions and covenants and that you enter into this Agreement to induce us to enter into the Area Representative Agreement with Area Representative; and

WHEREAS, you acknowledge that we are relying on this Agreement and that without this Agreement we would not have entered into and/or would not be simultaneously entering into the Area Representative Agreement with Area Representative.

NOW THEREFORE, to induce us to enter into the Area Representative Agreement and as consideration to us for entering into the Area Representative Agreement with Area Representative and other consideration, the receipt and sufficiency of which you acknowledge, you agree as follows:

1. Recitals and Representations.

You agree that the foregoing Recitals and Representations are true and accurate and constitute a material part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions.

Supplementing the terms and definitions contained in the Recitals and Representations:

"Area Representative Territory" refers to and means the geographic area identified and described in Schedule 1 to this Area Representative Agreement.

"Business Management System" refers to and means the software, internet, web based and/or cloud based system or systems, and customer relationship management system or systems as same may be individually or collectively designated by us, in our discretion, as being required for use in the Area Representative Business, including, but not limited to, the day-to-day management and performance of the Area Representative Services. Without limitation to the foregoing, the Business Management System may include web based, private server based, network based and/or cloud based systems. At all times we shall possess direct live access and storage based access to the Business Management System for the Area Representative Business and to Area Representative's Business Management System Data.

"Business Management System Data" refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Area Representative; (b) is entered (whether by us or Area Representative) into the Business Management System; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Area Representative Business.

"Competitive Business" refers to and means any business that is the same as or similar to the Area Representative Business as it relates to (a) a business that is the same as or similar to a Toro Taxes Business, or (b) a franchise development and/or support business that is that is engaged in marketing, selling and/or supporting business franchises and/or outlets.

“Confidential Information” refers to and means all of our and/or our affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the Area Representative Business; (b) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of Businesses; (c) information concerning franchisee and prospective franchisee consumer preferences for Business franchises, and specifications for and knowledge of suppliers of certain materials, franchise sales marketing strategies, budgets, marketing channels, sales data; (d) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by Businesses; (e) information concerning Area Representative System Franchisees, prospective single unit franchisees, email lists, database lists, product sales, operating results, financial performance and other financial data of Businesses and/or the Area Representative Business; (f) customer lists and information related to Businesses and/or the Area Representative Business; (g) Business Management System Data; (h) current and future information contained in the operations manual; and (i) Know-How.

“Copyrights” refers to and means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection and we utilize and/or allow single unit franchisees and/or Area Representatives to use, sell or display in connection with the development, marketing and/or operation of a Business and/or Area Representative Business, whether as of the Effective Date of this Agreement or any time in the future.

“Corporate Entity” refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“Digital Media” refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to, Businesses, the Area Representative Business, the Licensed Marks, the System and/or us. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Area Representative Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“Effective Date” refers to the “Effective Date” of the Area Representative Agreement as the term “Effective Date” is set forth and defined in the Area Representative Agreement. If, for any reason, the Effective Date cannot be determined by reference to the Area Representative Agreement, the Effective Date shall be the date that you sign this Agreement.

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“Franchised Business” refers to and means the Area Representative Business to be developed, owned and operated by Area Representative pursuant to the terms of the Area Representative Agreement.

“Immediate Family” refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

“Intellectual Property” refers to and means, individually and collectively, our Licensed Marks, Copyrights, Know-How, and System.

“Know-How” refers to means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Business and/or Area Representative Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the operations manual and the Confidential Information.

“Licensed Marks” shall have the meaning set forth in the Recitals and shall further refer to and means such service marks, trademarks, trade dress, trade names, logos, commercial symbols and all configurations and derivations thereof, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the development and operation of Businesses and/or otherwise designated by us to be used in conformity with the System.

“Operations Manual” refers to and means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of an Area Representative Business and/or Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of Area Representative Businesses. The operations manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our discretion, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means.

“Owner” refers to and means collectively, individually and jointly: (a) the officers and directors of Area Representative (including the officers and directors of any general partner of Area Representative) who hold an ownership interest in Area Representative; (b) the managing member or manager of Area Representative, if Area Representative is a limited liability company; and (c) all holders of a 5% or more direct or indirect ownership interest in Area Representative and/or of any entity directly or indirectly controlling Area Representative. Area Representative’s Owners are identified in Schedule 3 to the Area Representative Agreement. If, for any reason you are not identified in Item 3 to the Area Representative Agreement, you nevertheless represent that you are either an Owner or the Spouse of an Owner.

“Post-Term Restricted Period” refers to and means the two year period after the earliest to occur of the following: (a) the expiration, without renewal, or termination of the Area Representative Agreement for any reason; or (b) the date on which Area Representative Transfers the Area Representative Agreement to another person or Corporate Entity.

“Prohibited Activities” refers to and means any or all of the following: (a) owning and/or having any legal or equitable interest (whether as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or in any similar capacity) in a Competitive Business (other than

owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from us (or one of our affiliates or franchisees); and/or (d) inducing (i) any of our employees or managers (or those of our affiliates or franchisees) to leave their position with us, or (ii) any customer, franchisee, or prospective franchisee of ours (or of one of our affiliates or franchisees) or of Area Representative to any other person business or franchise system other than that of a Toro Taxes Business and/or Toro Taxes Area Representative Business. You agree that if you were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition and would cause harm to us, the System and other Business Area Representatives.

“Restricted Territory” refers to and means the geographic area: (a) comprising the Area Representative Territory, and (b) a 25 mile radius surrounding the Area Representative Territory.

“Spouse” refers to and means, as of the Effective Date, the legal spouse of an Owner.

“System” shall have the meaning set forth in the Recitals and shall further refer to and shall further refer to and means our standards, specifications, operating requirements and criteria respecting the development and operation of an Area Representative Business.

“System Products and Services” refers to and means those products and services that we authorize single unit franchisees to offer, sell and provide form Businesses. We shall exclusively designate and determine the System Products and Services and we, in our discretion, may change, modify, reduce or supplement the System Products and Services that must be offered and sold by Businesses and those products and services that may not be sold by the Area Representative Business.

“System Website” refers to and means the web page and/or pages located on the world wide web at the www.torotaxes.com URL (uniform resource locator) and shall further include all webpages and subdomains relating to Businesses and/or the promotion, marketing and sale of Business franchises.

“Trade Dress” refers to and means the designs, images, marketing materials, packaging, branding and/or branding images that we authorize and require Area Representative to use in connection with the operation of the Franchised Business and/or by Businesses, and as may be revised and further developed by us from time to time.

“Transfer” refers to and means a transfer, sale and/or assignment whether legally, equitably or otherwise.

3. Additional Acknowledgments by You.

In addition to the representations and acknowledgments contained in the Recitals and Representations, above, and incorporated into this Agreement, you acknowledge and represent that:

(a) as of the Effective Date you are an Owner and/or Spouse;

(b) that you are signing this Agreement in your individual capacity and that you are bound to the terms and conditions of this Agreement and irrespective of any change in your status as an Owner and/or Spouse;

(c) in your capacity as an Owner of Area Representative or as the Spouse of an Owner of Area Representative that you have and will be gaining access to, among other things, the System and Intellectual Property;

(d) you acknowledge that all of the components and aspects of the System and Intellectual Property (both individually and as they relate to one another collectively) are critical to our success as the franchisor of the System and to the overall System;

(e) you acknowledge that we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, to agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement and that you personally guarantee the financial and other obligations of Area Representative to us; and

(f) you acknowledge that the terms of this Agreement are fair and reasonable and that you have elected, based on your own decision, to enter into this Agreement to induce us to enter into the Area Representative Agreement with Area Representative.

4. Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions.

(a) Know-How. You agree that: (i) you will not use the Know-How in any business or capacity other than the Franchised Business; (ii) you will maintain the confidentiality of the Know-How at all times; (iii) you will not make unauthorized copies of documents containing any Know-How; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How; and (v) you will stop using the Know-How immediately if you are no longer an Owner of Area Representative or your Spouse is no longer an Owner of Area Representative, as applicable. You will not use the Intellectual Property for any purpose other than the development and operation of the Franchised Business pursuant to the terms of the Area Representative Agreement and operations manual. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize, and sublicense the same.

(b) Non-Competition During Franchise Relationship. Subject to the terms and conditions of Article 5 of this Agreement, below, you represent, acknowledge and agree that while you are an Owner of Area Representative or while your Spouse is an Owner of Area Representative (as applicable) that you will not engage in any Prohibited Activities. You acknowledge and agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(c) Non-Competition After Franchise Relationship. You represent, acknowledge and agree that during the Post-Term Restricted Period you will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within and/or relates, in any way, to the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the prohibited activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach). You agree that this restriction is fair and reasonable and that if you did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm us and the System.

(d) Confidentiality Restrictions. You agree that, at all times you: (i) shall not use the Confidential Information in any business or capacity other than the Franchised Business; (ii) shall maintain the confidentiality of the Confidential Information; (iii) shall not make unauthorized copies of documents containing any Confidential Information; (iv) shall take such reasonable steps as we may ask of you and/or Area Representative from time to time to prevent unauthorized use or disclosure of the Confidential Information; (v) shall immediately and permanently stop using the Confidential Information upon the expiration or termination of the Area Representative Agreement; (vi) shall immediately and permanently stop using the Confidential Information if you are no longer an Owner of Area Representative and/or the Spouse of an Owner; (vii) shall immediately and permanently stop using the Confidential Information upon Area Representative's Transfer of the Area Representative Agreement; and (viii) shall not disclose the Confidential Information to any third party except in a legal proceeding pursuant to an order of a court of competent jurisdiction and after affording us no less than 15 business days prior notice and an opportunity for us, at our election, to appear in such action.

(e) Immediate Family Members. You agree that should you circumvent the purpose and protections (due to us) of this Agreement by disclosing Know-How to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) we will, and the System will be irreparably harmed. You acknowledge that if you did disclose the Know-How to an immediate family member and your immediate family member used the Know-How to engage in activities that, for you, qualify as Prohibited Activities as defined above, that we and the System will be irreparably harmed. You agree that as between you and us that you are in a better position to know if you permitted and/or provide an immediate family member with access to the Know-How. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-How. However, you may rebut this presumption by providing evidence conclusively demonstrating that you did not disclose the Know-How nor permit disclosure of the Know-How to the family member.

(f) Reasonableness of Covenants and Restrictions. You agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.** Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area, we may at any time unilaterally modify the terms of this Article 4 (Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under this Article 4 to ensure that the terms and covenants are enforceable under applicable law.

(g) Breach. You agree that failure to comply with these Article 4 Intellectual Property, Brand Protection and Non-Competition Covenants and Restrictions will cause irreparable harm to us and/or other single unit franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding

sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

5. Transfer Restrictions and Non-Competition Covenants and Restrictions.

Notwithstanding anything contained in this Agreement to the contrary, you expressly acknowledge and agree that if you are an Owner, and/or the Spouse of an Owner, that, prior to Transferring, as an Owner, equity and/or ownership interests in Area Representative that, among other things, Area Representative must notify us and obtain our written consent. Likewise, you agree that under the Area Representative Agreement that prior to Area Representative's Transfer of the Area Representative Agreement, among other things, Area Representative must notify us and obtain our written consent. For our protection and to prevent the subversion of the non-competition covenants contained in Article 4 of this Agreement and, to induce us to enter into the Area Representative Agreement with Area Representative, you agree, that:

(a) if you are an Owner, should Area Representative fail to properly and timely notify us in writing of the proposed Transfer of your equity and/or ownership interests in Area Representative and/or should Area Representative, fail to obtain our consent to the proposed Transfer of your equity and/or ownership interests in Area Representative (which we may either reject or approve, in accordance with the terms and conditions of the Area Representative Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Area Representative Agreement;

(b) if you are a Spouse, should Area Representative fail to properly and timely notify us in writing of the proposed Transfer of your Spouse's equity and/or ownership interests in Area Representative and/or should Area Representative, fail to obtain our consent to the proposed Transfer of your Spouse's equity and/or ownership interests in Area Representative (which we may either reject or approve, in accordance with the terms and conditions of the Area Representative Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Area Representative Agreement;

(c) if you are an Owner, should Area Representative fail to properly and timely notify us in writing of the proposed Transfer of the Area Representative Agreement to a third party and/or should Area Representative, fail to obtain our consent to the proposed Transfer of the Area Representative Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Area Representative Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Area Representative Agreement; and

(d) if you are the Spouse of an Owner, should Area Representative fail to properly and timely notify us in writing of the proposed Transfer of the Area Representative Agreement to a third party and/or should Area Representative, fail to obtain our consent to the proposed Transfer of the Area Representative Agreement to a third party (which we may either reject or approve, in accordance with the terms and conditions of the Area Representative Agreement), you shall remain subject to the non-competition covenants contained in Article 4 of this Agreement and irrespective of any purported and/or actual Transfer in violation of the terms and conditions of the Area Representative Agreement.

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6. Personal Guaranty of Area Representative Agreement and Financial Obligations.

To secure Area Representative's financial obligations under the Area Representative Agreement and all ancillary agreements executed by Area Representative in connection with the Area Representative Agreement (collectively the "Ancillary Agreements") you individually, jointly and severally, and personally and unconditionally:

- (a) guarantee to us and our successor and assigns, that Area Representative shall punctually satisfy and pay all of Area Representative's payment and other obligations under the Area Representative Agreement;
- (b) guarantee to us and our successor and assigns, that Area Representative shall punctually satisfy and pay all of Area Representative's payment and other obligations under the Area Representative Agreement and all Ancillary Agreements;
- (c) agree, at all times, to be personally bound by and personally liable for each and every fee, payment and monetary obligation due from Area Representative to us and/or our affiliates under the Area Representative Agreement and all Ancillary Agreements; and
- (d) do, at all times, hereby personally guarantee payment of each and every fee, payment and monetary obligation due or that may become due from Area Representative to us pursuant to the terms of the Area Representative Agreement and all Ancillary Agreements.

You waive: (a) acceptance and notice of acceptance by us of the foregoing undertakings; (b) notice of demand for payment of any indebtedness guaranteed; (c) protest and notice of default to any party with respect to the indebtedness guaranteed; (d) any right you may have to require that an action be brought against Area Representative or any other person as a condition of liability; and (e) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Area Representative and all other signatories to this Agreement; (b) you will render any payment required under the Area Representative Agreement and the Ancillary Agreements upon demand if Area Representative fails or refuses punctually to do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Area Representative or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Area Representative or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Area Representative Agreement and the Ancillary Agreements and following the termination, expiration or Transfer of each of the Area Representative Agreement and the Ancillary Agreements to the extent any financial obligations under any such Area Representative Agreement and Ancillary Agreements survive such termination, expiration or Transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy with respect to Area Representative or any assignee or successor of Area Representative or by any abandonment of one or more of the Area Representative Agreement and/or and Ancillary Agreements by a trustee of Area Representative. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Area Representative or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

7. Arbitration, Consent to Jurisdiction and Venue, and Cross-Default

Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute

resolution procedures set forth in the Franchise Agreement. Notwithstanding the foregoing, if any of the dispute resolution procedures set forth in the Franchise Agreement conflict with any of the terms of this Agreement, the terms of this Agreement shall prevail. Without limitation to the foregoing, you agree that:

(a) Arbitration – Except, at our option, as to any claims or disputes related to or concerning a breach of this Agreement by you that may entitle us to the award of injunctive relief, you agree that any and all disputes, controversies, and claims, arising from and/or related to this Agreement, shall be submitted to the American Arbitration Association (“AAA”) for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA’s then current rules for commercial disputes, except as may be otherwise required in this Agreement. All arbitration proceedings shall be conducted in Clark County, Nevada or, if suitable AAA facilities are not available in Clark County, Nevada then at a suitable AAA location selected by the arbitrator that is located closest to Clark County, Nevada.

In connection with binding arbitration, you agree that:

(i) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;

(ii) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

(iii) The arbitrator shall render written findings of fact and conclusions of law;

(iv) Except as may be otherwise required and/or prohibited by this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys’ fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid; and

(v) Judgment upon the arbitrator’s award may be entered in any court of competent jurisdiction.

(b) Consent to Jurisdiction and Venue – You agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within Nevada and within Clark County or the county closest to Clark County. You do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, you agree that we, at our election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking our enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where you reside.

(c) Acknowledgment as to Cross-Default - You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us, among other things, to terminate the Franchise Agreement in accordance with the terms thereof.

8. Miscellaneous.

(a) If either party hires an attorney or files suit against the other party in relating to and alleging a breach

of this Agreement, the losing party agrees to pay the prevailing party's reasonable attorneys' fees and costs incurred in connection with such breach.

(b) This Agreement will be governed by, construed and enforced under the laws of Nevada and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Any claim, defense or cause of action that you may have against us or against Area Representative, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

(d) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Area Representative Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Area Representative Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

Owner/Spouse:

Signature of Owner/Spouse

Name (please print)

Date _____

Signature of Owner/Spouse

Name (please print)

Dated _____

Owner/Spouse:

Signature of Owner/Spouse

Name (please print)

Date _____

Signature of Owner/Spouse

Name (please print)

Dated _____



Area Representative Agreement – Exhibit 2
Confidentiality Agreement

[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY AREA REPRESENTATIVE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR AREA REPRESENTATIVE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY AREA REPRESENTATIVE]



CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT (the “Agreement”) is entered into by the undersigned (“you”) in favor of Toro Taxes Franchise, LLC, a Nevada limited liability company, and its successors and assigns (“us”, “our”, or “we”), upon the terms and conditions set forth below. Each signatory to this Agreement is referred to as “you”.

Recitals and Representations

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of a of a Toro Taxes business area representative (the “Area Representative”) in connection with the Area Representatives operation of a business that engages in (a) the promotion and marketing of Toro Taxes business franchises, (b) the qualification of prospective Toro Taxes business franchisees, and (c) the training and support of Toro Taxes business Franchisees;

WHEREAS, this Agreement is not an employment agreement and we are not your employer;

WHEREAS, in the course of your employment and/or association with our Area Representative, you may gain access to our Intellectual Property, Know-How and System (terms that are defined below in this Agreement) and you understand that it is necessary for us to protect our Intellectual Property, Know-How and System; and

WHEREAS, you understand that Intellectual Property, our System and Know-How are critical to the success of our System, our franchise sales processes and prospects, and to the success of the Area Representative.

NOW THEREFORE, you acknowledge and agree as follows:

1. Recitals and Representations. You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions. Supplementing the definitions contained in the Recitals and Representations, the following terms have the meanings given to them below:

“Business Management System” refers to and means the software, internet, web based and/or cloud based system or systems, and customer relationship management system or systems as same may be individually or collectively designated by us, in our discretion, as being required for use in the Area Representative Business, including, but not limited to, the day-to-day management and performance of the Area Representative Services. Without limitation to the foregoing, the Business Management System may include web based, private server based, network based and/or cloud based systems. At all times we shall possess direct live access and storage based access to the Business Management System for the Area Representative Business and to Area Representative’s Business Management System Data.

“Business Management System Data” refers to and means the forms, data, tools, customer information, inventory and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Area Representative; (b) is entered (whether by us or Area Representative) into the Business

Management System; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the management and operations of the Area Representative Business.

“Confidential Information” refers to and means all of our and/or our affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the Area Representative Business; (b) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of Businesses; (c) information concerning franchisee and prospective franchisee consumer preferences for Business franchises, and specifications for and knowledge of suppliers of certain materials, franchise sales marketing strategies, budgets, marketing channels, sales data; (d) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by Businesses; (e) information concerning Area Representative System Franchisees, prospective single unit franchisees, email lists, database lists, product sales, operating results, financial performance and other financial data of Businesses and/or the Area Representative Business; (f) customer lists and information related to Businesses and/or the Area Representative Business; (g) Business Management System Data; (h) current and future information contained in the operations manual; and (i) Know-How.

“Copyrights” refers to and means all works and materials for which we or any affiliate of ours has secured common law or registered copyright protection and we utilize and/or allow single unit franchisees and/or Area Representatives to use, sell or display in connection with the development, marketing and/or operation of a Business and/or Area Representative Business, whether as of the Effective Date of this Agreement or any time in the future.

“Digital Media” refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to, Businesses, the Area Representative Business, the Licensed Marks, the System and/or us. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Area Representative Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“Intellectual Property” means, individually and collectively, our Licensed Marks, Copyrights, Know-How and System.

“Know-How” refers to means our trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Business and/or Area Representative Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the operations manual and the Confidential Information.

“Licensed Marks” shall have the meaning set forth in the Recitals and shall further refer to and means such service marks, trademarks, trade dress, trade names, logos, commercial symbols and all configurations and derivations thereof, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the development and operation of Businesses and/or otherwise designated by us to be used in conformity with the System.

“Operations Manual” refers to and means, individually and collectively, the manual(s) designated by us and relating to the development and/or operations of an Area Representative Business and/or Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of Area Representative Businesses. The operations manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by us from time to time in our discretion, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means.

“System” means our standards, specifications, operating requirements and criteria respecting the development and operation of an Area Representative Business.

“System Products and Services” refers to and means those products and services that we authorize single unit franchisees to offer, sell and provide from Businesses. We shall exclusively designate and determine the System Products and Services and we, in our discretion, may change, modify, reduce or supplement the System Products and Services that must be offered and sold by Businesses and those products and services that may not be sold by the Area Representative Business.

“System Website” refers to and means the web page and/or pages located on the world wide web at the www.torotaxes.com URL (uniform resource locator) and shall further include all webpages and subdomains relating to Businesses and/or the promotion, marketing and sale of Business franchises.

“Trade Dress” refers to and means the designs, images, marketing materials, packaging, branding and/or branding images that we authorize and require Area Representative to use in connection with the operation of the Franchised Business and/or by Businesses, and as may be revised and further developed by us from time to time.

3. Additional Acknowledgments by You.

In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that we need to protect the System and Intellectual property and that to do so we require that you, in your individual capacity, agree to the brand protection, non-competition and other covenants and restrictions contained in this Agreement. You acknowledge that the terms of this Agreement are fair and reasonable.

4. Know-How and Intellectual Property Protection.

You agree that:

(a) you will not use the Know-How and/or Intellectual Property in any business or capacity other than the Area Representative Business;

(b) you will maintain the confidentiality of the Know-How and Intellectual Property at all times;

(c) you will not make unauthorized copies of documents containing any Know-How and/or the Intellectual Property;

(d) you will take such reasonable steps as Area Representative may ask of you from time to time to prevent unauthorized use or disclosure of the Know-How and/or Intellectual Property; and

(e) you will stop using the Know-How and Intellectual Property immediately if you are no longer an employee, independent contractor, officer and/or director of Area Representative. You will not use the Know-How and/or Intellectual Property for any purpose other than for the performance of your duties on behalf of Area Representative and in accordance with the scope of your engagement and/or employment with Area Representative.

5. Reasonableness of Covenants and Restrictions.

You acknowledge and agree that the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

6. Breach.

You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us, Area Representative and Toro Taxes business franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon a hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

7. Miscellaneous.

(a) If we hire an attorney or file suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) This Agreement will be governed by, construed and enforced under the laws of California and the courts in that state shall have exclusive jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(d) **YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT AND THAT THERE IS NOT AND SHALL NEVER BE AN EMPLOYER – EMPLOYEE RELATIONSHIP BETWEEN YOU AND US. YOUR RELATIONSHIP WITH FRANCHISEE (INCLUDING YOUR**

EMPLOYMENT RELATIONSHIP, THE TERMS OF YOUR EMPLOYMENT AND THE CREATION AND/OR TERMINATION OF SUCH EMPLOYMENT RELATIONSHIP) IS AND SHALL BE EXCLUSIVELY CONTROLLED BETWEEN YOU AND FRANCHISEE. WE ARE NOT A JOINT EMPLOYER AND THERE IS NO EMPLOYMENT RELATIONSHIP BETWEEN YOU AND US. THIS AGREEMENT RELATES, EXCLUSIVELY, TO BRAND PROTECTION.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

Dated: _____

Restricted Party:

Signature

Name (please print)

WITNESS ONLY: The Undersigned Affirms that he/she witnessed the person named above (the “Restricted Party”) sign and execute this Agreement:

Signature of Witness

Name of Witness

Dated _____



Area Representative Agreement – Exhibit 4
Promissory Note – Area Representative Territory Fee

**[IF EXECUTED, THE ORIGINAL SIGNED AND WITNESSED
DOCUMENT MUST BE SENT TO FRANCHISOR'S
HEADQUARTERS]**

**PROMISSORY NOTE
FOR AREA REPRESENTATIVE TERRITORY FEES**

THIS LOAN IS PAYABLE IN FULL AT MATURITY. YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE. THE LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING FROM THE SAME LENDER.

1. THE PARTIES.

This Promissory Note (this “Note”) is entered into on [[Month]]_____, [[Year]] (“Effective Date”), by [[Borrower Name]], with an address at [[Borrower Address]], and [[Owner Name]], an individual with an address at [[Owner Address]] (collectively referred to as “Borrower”).

HAS RECEIVED AND PROMISES TO PAY: Toro Taxes Franchise LLC (or its successors or assigns) of 6130 Elton Ave, Las Vegas, Nevada, 89107 (the “Lender”) the sum of \$80,000 (the “Borrowed Money”) with interest accruing on the unpaid balance at a rate of 12.9% per annum (the “Interest Rate”) commencing on the Payment Start Date (as defined below) under the following terms and conditions:

2. PAYMENTS. The Borrowed Money shall be repaid via monthly installments every month in the amount \$860.00 per month with a balloon payment and any remaining balance payable on the Due Date (as defined below). The monthly installments shall commence on the first day of the first full month following the Effective Date in the event the Effective Date is during Tax Season (as defined below) or the first day of the first Tax Season (as defined below) after the Effective Date if the Effective Date is not during Tax Season (as defined below) (the “Payment Start Date”). For purposes of this Note, the term “Tax Season” shall mean those days, weeks, and months occurring from January 1st through April 30th of each calendar year. Monthly installments shall continue for 60 consecutive months following Payment Start Date at which point the balloon payment in the amount of \$80,000 plus the full balance of this Note, including any accrued interest and late fees, is due and payable (the “Due Date”).

If the Lender does not receive payment on-time for any installment there shall be a late payment fee of \$50 every day payment is late or the maximum amount permitted by law. In addition, money that is not paid on-time for any installment will be charged an interest rate equal to the lesser of 18% per annum or the highest rate permitted by applicable law beginning on the day payment was due and ending when the payment is made.

Lender may apply commissions due to Borrower to the balanced owed on the Borrowed Money at Lender’s option.

3. SECURITY. This Note shall be secured under the following:

The Borrower agrees to provide their Toro Taxes Franchise rights, the purpose for which this loan was issued, and all related business assets including but not limited to equipment, lease rights, telephone numbers, and customer list (the “Security”) which shall transfer to the possession and ownership of the Lender immediately if this Note should be in default. The Security may not be sold or transferred without

the Lender's consent during term of this Note. If the Borrower breaches this provision, Lender may declare all sums due under this Note immediately due and payable, unless prohibited by applicable law.

If the Borrower defaults under this Note the Lender shall have the right to obtain ownership and possession of the Security. The Lender shall have the sole-option to accept it as full payment for the Borrowed Money without further liabilities or obligations. If the market value of the Security does not exceed the Borrowed Money, the Borrower shall remain liable for the balance due while accruing interest at the maximum rate allowed by law.

4. INTEREST DUE IN THE EVENT OF DEFAULT. In the event the Borrower fails to pay the note in full on the Due Date, the unpaid principal shall accrue interest at a rate equal to the lesser of 18% or at the maximum rate allowed by law until the Borrower is no longer in default.

5. ALLOCATION OF PAYMENTS. Payments shall be first credited to any late fees due, then to interest due and any remainder will be credited to the principal of the Borrowed Money.

6. PREPAYMENT. Borrower may prepay this Note without penalty.

7. ACCELERATION. If the Borrower is in default under this Note and such default is not cured within the minimum allotted time by law after written notice of such default, then Lender may, at its option, declare all outstanding sums owed on this Note to be immediately due and payable. This includes rights of possession to the Security mentioned in Section 3 of this Note.

8. ATTORNEYS' FEES AND COSTS. Borrower shall pay all costs incurred by Lender in collecting sums due under this Note after a default, including reasonable attorneys' fees. If Lender or Borrower sues to enforce this Note or obtain a declaration of its rights hereunder, the prevailing party in any such proceeding shall be entitled to recover its reasonable attorneys' fees and costs incurred in the proceeding (including those incurred in any bankruptcy proceeding or appeal) from the non-prevailing party.

9. WAIVER OF PRESENTMENTS. Borrower waives presentment for payment, notice of dishonor, protest and notice of protest.

10. NON-WAIVER. No failure or delay by Lender in exercising Lender's rights under this Note shall be considered a waiver of such rights.

11. SEVERABILITY. In the event that any provision herein is determined to be void or unenforceable for any reason, such determination shall not affect the validity or enforceability of any other provision, all of which shall remain in full force and effect.

12. INTEGRATION. There are no verbal or other agreements which modify or affect the terms of this Note. This Note may not be modified or amended except by a written agreement signed by Borrower and Lender.

13. CONFLICTING TERMS. The terms of this Note shall have authority and precedence over any conflicting terms in any referenced agreement or document.

14. NOTICE. Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, or (b) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and such notices shall be made to the parties at the addresses listed below.

15. GUARANTORS. If the borrower is a business entity, the owners of said entity must personally

guarantee this loan.

The names of the owners and personal guarantors are:

The above individual(s), hereby referred to as the “Guarantor(s)”, agree to the liabilities and obligations on behalf of the Borrower under the terms of this Note. If the Borrower does not make payment, the Guarantors shall be personally responsible and are guaranteeing the payment of the Borrowed Money, late fees, and all accrued interest and penalties under the terms of this Note.

16. EXECUTION. The Borrower executes this Note as a principal and not as a surety. If there is a Co-Signer, the Borrower and Co-Signer shall be jointly and severally liable under this Note.

17. GOVERNING LAW. This note shall be governed under the laws in the State of Nevada.

IN WITNESS WHEREOF, the undersigned Borrower and Guarantors(s) have signed this Note as of the date first set forth above.

Borrower:

By: _____
Name:
Title:

Guarantor:

By: _____
Name:



Area Representative Agreement – Exhibit 5
Security Agreement

SECURITY AGREEMENT

This Security Agreement (this “Security Agreement”) is entered into on [[Month]]_____, [[Year]] (“Effective Date”), by [[Borrower Name]], with an address at [[Borrower Address]], and [[Owner Name]], an individual with an address at [[Owner Address]] (collectively referred to as “Debtor”) and Toro Taxes Franchise, LLC, a Nevada limited liability company with a principal place of business located at 6130 Elton Avenue Las Vegas, Nevada 89107 (the “Secured Party”).

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, Debtor grants to Secured Party a security interest including inventory, accounts, supplies, contracts, and proceeds and products of all those assets and any and all amendments thereto to which Debtor may be entitled pursuant to any Franchise Agreement entered into with Secured Party, together with all such rights and property hereafter acquired by Debtor; and all general intangibles (collectively, the “Collateral”) as well as all parts, replacements, substitutions, profits, products and cash and non-cash proceeds of the foregoing Collateral (including insurance and condemnation proceeds payable by reason of condemnation of or loss or damage thereto). The Collateral described herein falls within the scope of the Uniform Commercial Code enacted in Nevada. The foregoing Collateral is granted to Secured Party as security for (i) the prompt payment of any promissory notes executed by Debtor in favor of Secured Party, and any renewals, compromises, extensions, modifications, accelerations or other changes in the time for performance or other terms (the “Notes”), and (ii) performance under any Area Representative Agreements between Debtor and Secured Party, as the same may be amended (the “Area Representative Agreements”), and (iii) all other agreements between Debtor and Secured Party.

1. DEBTOR’S OBLIGATIONS. Debtor agrees to the following:

- (a) Debtor will properly maintain and care for the Collateral and will not remove the Collateral from the Franchised Business (as defined in the Area Representative Agreements);
- (b) Debtor will notify Secured Party in writing prior to any change in the location of Debtor’s Franchised Business;
- (c) Debtor has not executed and will not execute as Debtor any security agreement or financing statement covering any of the Collateral except with Secured Party, nor will Debtor pledge or encumber the Collateral, or allow any lien to be placed against the Collateral, whether voluntary or involuntary;
- (d) Debtor represents and warrants to Secured Party that the Collateral shall not become collateral for any other obligations previously incurred, nor collateral under any other security agreement(s) previously executed by Debtor; and
- (e) Debtor will not sell, contract for sale or otherwise dispose of any of the Collateral except in the ordinary course of business.

2. DEFAULTS. Debtor shall be in default under this Security Agreement upon the occurrence of any of the following events or conditions (an “Event of Default”):

- (a) The failure by Debtor to pay any amount when due under the terms and provisions of the Notes (after applicable grace periods, if any); or
- (b) Debtor’s breach of any term, provision, warranty or representation set forth in this Security Agreement or in the Area Representative Agreements, or in any other agreement between Debtor and Secured Party; or
- (c) The making of any levy on, or seizure or attachment of, any of the Collateral, if such levy, seizure or attachment is not set aside within 15 days; or
- (d) The dissolution, termination of existence or insolvency of Debtor; the appointment of a

receiver of all or any part of the property of Debtor; an assignment for the benefit of creditors by Debtor; the calling of a meeting of creditors of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor or any guarantor, surety or endorser for Debtor; or

(e) Any guarantor, surety or endorser for Debtor defaulting in any obligation or material liability to Secured Party, if Debtor does not cure the default within five days of receiving written notice.

3. REMEDIES AFTER DEFAULT.

(a) If an Event of Default occurs, in addition to all other rights and remedies given Secured Party under any and all agreements by and among Secured Party, Debtor and/or Debtor's guarantors, or otherwise by law, may do one or more of the following, without notice to or demand upon Debtor:

1. Declare all obligations secured by this Security Agreement immediately due and payable;
2. Enforce the security interest given under this Security Agreement and otherwise exercise the rights of a secured creditor provided under the laws of the state in which the Franchised Business is located;
3. Require Debtor to assemble the Collateral and make it available to Secured Party; and/or
4. Enter any office or offices of Debtor and take possession of the Collateral and of the records pertaining to the Collateral.

(b) Secured Party may apply the proceeds of any disposition of Collateral available for satisfaction of Debtor's indebtedness, which shall include the reasonable expenses of such sale, in any order of preference that Secured Party, chooses in its sole discretion. Debtor shall remain liable for any deficiency.

4. INSURANCE PROCEEDS. So long as no default exists under this Security Agreement, the proceeds of fire and casualty insurance covering the Collateral may be used by Debtor for the repair and restoration of the Office Location (as such terms are defined in the Franchise Agreements and Area Representative Agreements).

5. DUTIES OF SECURED PARTY. Secured Party's duties or responsibilities with reference to the Collateral shall be limited solely to the duties and responsibilities in this Security Agreement and Secured Party shall not be responsible in any way for the condition, depreciation or maintenance of the Collateral other than as described in this Security Agreement. Debtor shall pay when due all taxes, charges, liens and assessments against the Collateral.

6. MISCELLANEOUS.

(a) Waiver. Any express or implied waiver of any provision of this Security Agreement and any delay or failure by Secured Party to enforce any provision of this Security Agreement shall not preclude Secured Party from later enforcing any such provision.

(b) Governing Law. This Security Agreement shall be governed by and construed according to the laws of the State of Nevada.

(c) Remedies. All rights and remedies provided in this Security Agreement are cumulative and not exclusive of any rights or remedies otherwise provided by law. Any single or partial exercise of any

right or remedy shall not preclude its further exercise or the exercise of any other right or remedy.

(d) Financing Statement. At the same time this Security Agreement is signed, Secured Party will file a UCC-1 Financing Statement with the Secretary of State in the state of formation (or residence if a sole proprietor) of the Debtor or other appropriate governmental authority to perfect the security interest created by this Security Agreement. Debtor will sign such other documents as Secured Party may reasonably require to perfect its security interest in the Collateral.

(e) Notices. In the event either party desires to give notice to the other with regard to this Security Agreement, the notice shall be in writing and may be hand delivered, express mailed, or sent by certified or registered mail. Mailed notices as provided under this Security Agreement shall be deemed to be given two days after they are sent. Such notices shall be sent to the address provided for such party in the Area Representative Agreements, unless a party gives notice of a change of its address.

(f) Successors in Interest. This Security Agreement shall inure to the benefit of, and be binding upon, the successors in interest of the parties hereto.

(g) Amendments. This Security Agreement may only be amended by a writing signed by both parties.

(h) Entire Agreement. This Security Agreement constitutes the entire agreement between the parties regarding the matters discussed in this Security Agreement, all representations or understandings, whether oral or written, having been incorporated or otherwise superseded by this Security Agreement.

(i) Electronic Signatures. Electronic copies of this Security Agreement shall be deemed to have the same force and effect as the original and shall be fully binding on all parties.

THE PERSON SIGNING THIS AGREEMENT ON BEHALF OF THE DEBTOR REPRESENTS AND WARRANTS THAT HE OR SHE IS A DULY APPOINTED OFFICER OR OTHERWISE HAS BEEN AUTHORIZED TO BIND THE DEBTOR TO THE TERMS OF THIS SECURITY AGREEMENT.

WHEREFORE, the parties have signed this Security Agreement effective as of the date set forth above.

Debtor:

By: _____

Name:

Title:

Secured Party: Toro Taxes Franchise, LLC

By: _____

Name:

Title:



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT F
LIST OF AREA REPRESENTATIVES

AREA REPRESENTATIVES (as of December 31, 2023)			
State	Business Address	Area Representative	Phone Number
Arizona	2747 W McDowell Road, Suite B Phoenix, AZ 85009	Cardenas Arizona Territory, LLC (Enrique Cardenas)	602-930-0044
California	2652 Alum Rock Avenue, Suite D San Jose, CA 90201	Mayra's Services Inc. (Mayra Perez)	408-259-2036
Colorado	3090 S Federal Boulevard Colorado Springs, CO 80030	Celsa N. Arbaiza	720-492-8935
Florida	7901 Kingspointe Pkwy, Suite 19 Orlando, FL 32819	Zuleika Romo, Pedro Pinilla, Adriana Mercado, Walter Parraga	352-255-7172
	4002 W Waters Avenue, Suite 5 Tampa, FL 33614	Sostenez Baez	317-606-5104
Illinois	4220 S Archer Avenue Chicago, IL 60632	Darleen Areli Porras	303-574-0568
Minnesota	1633 South Robert Street, Suite C West St. Paul, MN 55118	KAM Enterprises, LLC (Luz Angela Ocampo Santamaria)	612-330-3530
New Jersey	338 Smith Street Perth Amboy, NJ 07087	Juan Antonio Villalobos	201-658-0347
Ohio	9580 Seward Road, Suite D Fairfield, OH 45014	Miladys Perez	513-403-9737
	1180 Niles Road, #2 Fairfield, OH 45014	Aguilar Enterprises, LLC (Blanca Estela Aguilar)	859-512-2350
	217 N Erie Boulevard Hamilton, OH 45011	Utopia Multiservices LLP (Jennifer Moralde & Eugina)	816-349-1120
Oklahoma	3448 SW 29 th Street, Unit A Oklahoma City, OK 73119	20D, LLC (Felipe Diaz De La Pena)	405-746-0825
Texas	3446 Williams Rd Forth Worth, TX 76116	Luz Dayana Estrada Medina	496-123-9334
	2918 S Jupiter Rd, C9 Garland, TX 75041	Edgar D. Montalvo	972-623-7856
	18700 Becker Road, Suite B101 Hockley, TX 77447	Ramon Edgardo Mendoza & Liz Karine Serna	713-534-7133 832-840-4478
	6488 FM 2960 Houston, TX 77073	Azua Enterprises, LLC (Jose Azua)	346-559-8110
	5921 Bellaire Boulevard, #C Houston, TX 77081	SAMAR LLC (Sara Martinez)	702-498-6411
	9009 Long Point Road Houston, TX 77055	Ramon Edgardo Mendoza & Liz Karine Serna	713-534-7133 832-840-4478
	4553 Highway 6 N Houston, TX 77084	Quality Income Tax and Insurance Service LLC (Ricardo Peralta)	832-515-8558
	1914 La Manda Boulevard San Antonio, TX 78201	San Antonio Expansión Group LLC (Manuel Salvador Rodriguez Navarrete, Brayan Venzor Orona, Pedro Ramirez Gracia, & Carlos Alberto Ramirez Gracia)	210-432-9089
	512 S Allen Genoa Road, Suite E South Houston, TX 77587	Aguilar Enterprises, LLC (Blanca Estela Aguilar)	859-512-2350
Utah	5663 S Redwood Road, #3 Taylorsville, UT 84123	Duvan Montoya Botero	801-637-5170



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G

LIST OF AREA REPRESENTATIVES THAT HAVE
LEFT THE SYSTEM

AREA REPRESENTATIVES THAT HAVE LEFT THE SYSTEM (January 1, 2023 to December 31, 2023)			
State	Business Location	Franchisee	Contact Information
TX	2802 Royal Lane Dallas, TX 75229	Mario Chanta	720-633-1831



FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT H

STATE SPECIFIC ADDENDUM

CALIFORNIA DISCLOSURE
CALIFORNIA ADDENDUM TO
Toro Taxes Franchise, LLC Franchise Disclosure Document

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation or endorsement by the commissioner.

a. 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.

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

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

d. The Area Representative 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.*).

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

f. The Area Representative Agreement requires binding arbitration. The arbitration will occur in Nevada with the costs being borne by the Area Representative and franchisor. Prospective Area Representatives 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 an Area Representative Agreement restricting venue to a forum outside the State of California.

g. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professional Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an Area Representative Agreement restricting venue to a forum outside the State of California.

h. The Area Representative Agreement requires application of the laws of the State of Nevada. This provision may not be enforceable under California law.

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

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

k. ITEM 6: The highest interest rate allowed by law in the State of California is 10%.

l. ITEM 17: California Business and Professions Code Sections 20000 to 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Area Representative Agreement contains a provision that is inconsistent with the law, the law will control.

m. The following URL address is for the franchisor's website: www.torotaxes.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

n. California's Franchise Investment Law (Corporations Code Sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees or its agents make to you, (ii) our ability to rely on any representations it makes to you, or (iii) any violation of the law.

o. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Connecticut Disclosure
CONNECTICUT ADDENDUM TO
Toro Taxes Franchise, LLC Franchise Disclosure Document

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AMENDMENT OF FDD DISCLOSURES:

Item 3, "Litigation", Item 3 is hereby supplemented by the addition of the following statements incorporated at the beginning of the Item 3:

a. Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

b. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the 10 year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a present or former purchaser-investor or which involves or involved the business opportunity relationship.

c. Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust,

trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

d. Neither Company nor any person identified in ITEM 2 above 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) suspending or expelling these persons from membership in the association or exchange.

Item 4, "Bankruptcy", Item 4 is hereby supplemented by the addition of the following statements incorporated at the beginning of the Item 4:

No entity or person listed in Items 1 and 2 of this Disclosure Document has, at any time during the previous 10 fiscal years (a) filed for bankruptcy protection, (b) been adjudged bankrupt, (c) been reorganized due to insolvency, or (d) been a principal, director, executive officer or partner of any other person that has so filed or was adjudged or reorganized, during or within one year after the period that the person held a position with the other person.

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 be canceled.

DISCLOSURES 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.

BUSINESS OPPORTUNITY DISCLOSURE

The following business opportunity disclosure is provided by Toro Taxes Franchise, LLC a registered business in the State of Connecticut.

Disclosure Document is dated: April 22, 2024

Hawaii Disclosure

HAWAII ADDENDUM TO

Toro Taxes Franchise, LLC Franchise Disclosure Document

ADDITION TO FDD RECEIPT EXHIBIT "I"

The Receipt for this Disclosure Document (attached as Exhibit "I") is supplemented to add the following:

1. THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE AREA REPRESENTATIVE AGREEMENT AND THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.
4. NO STATEMENT, QUESTIONNAIRE OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF: (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

Illinois Disclosure
ILLINOIS ADDENDUM TO
Toro Taxes Franchise, LLC Franchise Disclosure Document

DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS

THE REGISTRATION OF THIS BUSINESS OPPORTUNITY DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE STATE OF ILLINOIS. THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT HAS NOT BEEN VERIFIED BY THE STATE OF ILLINOIS. IF YOU HAVE ANY QUESTIONS OR CONCERNS ABOUT THIS INVESTMENT, SEEK PROFESSIONAL ADVICE BEFORE YOU SIGN A CONTRACT OR MAKE ANY PAYMENT. YOU ARE TO BE PROVIDED 14 BUSINESS DAYS TO REVIEW THIS DOCUMENT BEFORE SIGNING ANY CONTRACT OR AGREEMENT OR MAKING ANY PAYMENT TO THE SELLER OR THE SELLER'S REPRESENTATIVE.

a. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is amended and supplemented, as follows:

- Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 to 705/20, provides rights to the franchisee concerning termination or non-renewal of a franchise. If the Area Representative Agreement contains a provision that is inconsistent with the law, the law will control.

- The Area Representative Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

- The Area Representative Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under Illinois law.

b. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is hereby amended by deleting "t", "v", "w" and the following new "t", "v", "w" shall be substituted in lieu thereof in Item 17:

Provision	Section in Franchise or other Agreement	Summary
t. Integration/Merger Clause	Section 14.13	Only the terms of the Area Representative Agreement are binding (subject to this Disclosure Document and applicable federal and/or FTC law). Any other promises may not be enforceable. See, Illinois Area Representative Agreement Amendment.
v. Choice of Forum	Section 14.7	The foregoing choice of forum should not be considered as a waiver of any right conferred upon the franchisor or the franchisee by Illinois Law, which claims shall be brought exclusively in the State and Federal Courts of Illinois. See, Illinois Area Representative Agreement Amendment.

w. Choice of law	Section 14.6	The foregoing choice of law should not be considered as a waiver of any right conferred upon the franchisor or the franchisee by Illinois Law. See, Illinois Area Representative Agreement Amendment.
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Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of Illinois and federal laws (such as 14 Illinois Administrative Code 200.100 et seq., Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/4, and the Federal Arbitration Act) to any provisions of an Area Representative Agreement restricting venue to a forum outside the State of Illinois.

The Area Representative Agreement requires application of the laws of the State of Nevada. This provision may not be enforceable under Illinois law. 14 Ill. Admin. Code 200.608; 815 ILCS 705/4. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently with respect to such provision, without reference to this Addendum to the Franchise Disclosure Document.

No statement, questionnaire or acknowledgement signed or agreed to by an area representative in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Indiana Disclosure
INDIANA ADDENDUM TO
Toro Taxes Franchise, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

- a. Item 8, “Restrictions on Sources of Products and Services”, Item 8 is hereby amended and supplemented by the addition of the following disclosure:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

- b. Item 6, “Other Fees” and Item 9, “Franchisee’s Obligations”, are hereby amended and supplemented, as follows:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee’s reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

- c. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is hereby amended and supplemented, as follows:

Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Area Representative Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

d. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Code are met independently with respect to such provision, without reference to this Addendum to the Franchise Disclosure Document.

Maryland Disclosure
MARYLAND ADDENDUM TO
Toro Taxes Franchise, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is hereby amended and supplemented, as follows:

- (a) The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- (b) A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- (c) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
- (d) The Area Representative Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Minnesota Disclosure
MINNESOTA ADDENDUM TO
Toro Taxes Franchise, LLC Franchise Disclosure Document

ADDITIONAL RISK FACTORS:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE AREA REPRESENTATIVE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

AMENDMENT OF FDD DISCLOSURES:

a. Item 13, “Trademarks”, Item 13 is hereby supplemented and amended by the inclusion of the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

b. Item 17, “Renewal, Termination, Transfer and Dispute Resolution.” Item 17 is hereby amended and supplemented, as follows:

- With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Agreement.

- ITEM 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring arbitration to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Area Representative Agreement can abrogate or reduce any of your rights as provided for in

Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

3. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. The Minnesota Department of Commerce requires that the franchisor defer the collection of all initial fees from Minnesota franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

New York Disclosure
NEW YORK ADDENDUM TO
Toro Taxes Franchise, LLC Franchise Disclosure Document

ADDITIONAL RISK FACTORS

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 SERVICES OR 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 ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

With the exception of what is stated above, the following applies 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 the “Summary” sections of Item 17(c), titled “**Requirements for a 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.

4. 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.

5. 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 the franchisee by Article 33 of the General Business Law of the State of New York

6. Franchise Questionnaires and Acknowledgements - No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, 10 business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

North Dakota Disclosure
NORTH DAKOTA ADDENDUM TO
Toro Taxes Franchise, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

- a. Item 5, “Initial fees”, is hereby amended and supplemented, as follows:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Area Representative Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

- b. Item 6, “Other Fees”, is hereby amended and supplemented, as follows:

No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

- c. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is hereby amended and supplemented, as follows:

- Any provision requiring a franchisee to sign a general release upon renewal of the Area Representative Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

- Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

- Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

- Any provision in the Area Representative Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee’s business has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee’s place of business.

- Any provision in the Area Representative Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

- Apart from civil liability as set forth in Section 51-19-12 of the 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 and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

- Any provision in the Area Representative Agreement requiring that the Area Representative Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

- Any provision in the Area Representative Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

d. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Rhode Island Disclosure
RHODE ISLAND ADDENDUM TO
Toro Taxes Franchise, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is hereby amended and supplemented, as follows:

- The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in an Area Representative Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

- Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

Virginia Disclosure
VIRGINIA ADDENDUM TO
Toro Taxes Franchise, LLC Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17.h. is hereby amended and supplemented, as follows:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in Toro Taxes Business Area Representative Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Washington State Disclosure
WASHINGTON ADDENDUM TO
Toro Taxes Franchise, LLC Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the Area Representative 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 Area Representative Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Area Representative Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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.
5. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for

inflation). As a result, any provisions contained in the Area Representative Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Area Representative Agreement or elsewhere are void and unenforceable in Washington.

8. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Wisconsin Disclosure
WISCONSIN ADDENDUM TO
Toro Taxes Franchise, LLC Franchise Disclosure Document

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is hereby amended and supplemented, as follows:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Area Representative Agreement.



STATE SPECIFIC AMENDMENTS TO AREA REPRESENTATIVE AGREEMENT

California – Area Representative Agreement Amendment
to Toro Taxes Business Area Representative Agreement

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Any acknowledgments from the Franchise Agreement that violate California Corporations Code sections 31512 and 3151.2 do not apply to California franchisees.

IN WITNESS WHEREOF, the parties have duly executed and delivered this California State amendment to the Toro Taxes Franchise, LLC Area Representative Agreement on the same date as the Area Representative Agreement was executed.

Franchisor:

Toro Taxes Franchise, LLC

Area Representative:

By: _____
Signature

Signature

Name and Title

Name (please print)

Dated _____

Dated _____

Hawaii – Area Representative Agreement Amendment
to Toro Taxes Business Area Representative Agreement

In recognition of the requirements of the Hawaii Franchise Investment Law, the parties to the attached Toro Taxes Franchise, LLC Area Representative Agreement (the “Agreement”) agree as follows:

1. Under Section 10.3 of the Agreement, under the heading “Conditions for Approval of Transfer,” the subsection 10.3(f) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(f) Area Representative, each Owner, and each Spouse must execute a general release in favor of Franchisor releasing Franchisor, Franchisor’s affiliates and Franchisor’s past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for any and all matters, claims, and causes of action, whether accrued or unaccrued, arising on, or before, the effective date of the Transfer. The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Area Representative Agreement. If this subsection contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Under Section 11.4 of the Agreement, under the heading “Conditions for Renewal,” the subsection 11.4(d) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(d) Area Representative and the Owners must execute the general release in favor of Franchisor, Franchisor’s affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders. If precluded by law from giving a general release, Area Representative shall execute an estoppel statement. The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination and transfer of the Area Representative Agreement. If this subsection contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this amendment.

4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Hawaii State amendment to the Toro Taxes Franchise, LLC Area Representative Agreement on the same date as the Area Representative Agreement was executed.

Franchisor:

Toro Taxes Franchise, LLC

Area Representative:

By: _____
Signature

Signature

Name and Title

Name (please print)

Dated _____

Dated _____

Illinois – Area Representative Agreement Amendment
to Toro Taxes Business Area Representative Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the undersigned agree to the following modifications to the Toro Taxes Franchise, LLC Area Representative Agreement (the “Agreement”), as follows:

1. Section 14.6 of the Agreement under the heading “Governing Law” shall be amended by the addition of the following statement added after the end of the last sentence of Section 14.6 of the Agreement:

Illinois Addendum: Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act Provides that any provision in an Area Representative Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, an Area Representative Agreement may provide for arbitration in a venue outside Illinois.

Your rights upon termination and non-renewal of an Area Representative Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

2. Section 14.7 of the Agreement under the heading “Non-Binding Mediation and Binding Arbitration”, shall be amended by the addition of the following statement added after the end of the last sentence of Section 14.7 of the Agreement:

Illinois Addendum: Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act Provides that any provision in an Area Representative Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, an Area Representative Agreement may provide for arbitration in a venue outside Illinois.

Your rights upon termination and non-renewal of an Area Representative Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act (815 ILCS 705/1 to 705/45) are met independently without reference to this amendment.

4. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the Toro Taxes Franchise, LLC Area Representative Agreement on the same date as the Area Representative Agreement was executed.

Franchisor:

Toro Taxes Franchise, LLC

Area Representative:

By: _____
Signature

Signature

Name and Title

Name (please print)

Dated _____

Dated _____

Maryland – Area Representative Agreement Amendment
to Toro Taxes Business Area Representative Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Toro Taxes Franchise, LLC Area Representative Agreement (the “Agreement”) agree as follows:

1. The Area Representative Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

2. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 14.7 of the Agreement, under the heading “Exclusive Jurisdiction and Venue”, shall be amended by the addition of the following statement added to the end of the last sentence of Section 14.7:
; A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Section 14.9 of the Agreement, under the heading “Limitations of Claims,” shall be amended by the addition of the following statement added to Section 14.9:
Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

A general release required as a condition of renewal, sale and/or assignment or transfer of an Area Representative Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the Toro Taxes Franchise, LLC Area Representative Agreement on the same date as the Area Representative Agreement was executed.

Franchisor:

Toro Taxes Franchise, LLC

Area Representative:

By: _____
Signature

Signature

Name and Title

Name (please print)

Dated _____

Dated _____

Minnesota – Area Representative Agreement Amendment
to Toro Taxes Business Area Representative Agreement

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached Toro Taxes Franchise, LLC Area Representative Agreement (the “Agreement”) agree as follows:

1. Under Section 10.3 of the Agreement, under the heading “Conditions for Approval of Transfer,” the subsection 10.3(f) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(f) Area Representative, each Owner, and each Spouse must execute a general release in favor of Franchisor releasing Franchisor, Franchisor’s affiliates and Franchisor’s past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for any and all matters, claims, and causes of action, whether accrued or unaccrued, arising on, or before, the effective date of the Transfer; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days’ notice of nonrenewal of this Agreement by Franchisor.

2. Under Section 11.4 of the Agreement, under the heading “Conditions for Renewal,” the subsection 11.4(d) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(d) Area Representative and the Owners must execute the general release in favor of Franchisor, Franchisor’s affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Area Representative shall execute an estoppel statement -; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days’ notice of nonrenewal of this Agreement by Franchisor.

3. Under Section 8.3 of the Agreement, under the heading “Notification of Infringement and Claims” Section 8.3 shall be supplemented by the addition of the following:

Franchisor agrees to protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee’s use of the Licensed Marks when, in the opinion of Franchisor’s counsel, Franchisee’s rights warrant protection pursuant to Section 8.3 of this Agreement.

4. Under Section 10.2 of the Agreement, under the heading “Area Representative May Not Transfer Without Franchisor Approval” Section 10.2 shall be supplemented by the addition of the following:
Franchisor shall not unreasonably withhold consent to transfer the Agreement.
5. Under Section 12.1(b) of the Agreement, under the heading “Automatic Termination Upon Written Notice,” Section 12.1(b) shall be supplemented by the addition of the following:
Section 12.1(b) will not be enforced to the extent prohibited by applicable law.
6. Under Section 12.1(c) of the Agreement, under the heading “Termination After Cure Period,” the Section 12.1(c), shall be supplemented by the addition of the following:
Section 12.1(c) will not be enforced to the extent prohibited by applicable law.
7. Under Section 12.1(c) of the Agreement, under the heading “Termination After Cure Period,” the Section 12.1(c) is hereby amended to replace the “30” day cure period with “60” days and the following is added:
Minnesota law provides a franchisee with certain termination rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days’ notice of termination (with 60 days to cure) of this Agreement.
8. Section 14.6 of the Agreement, under the heading “Governing Law”, shall be amended by the addition of the following statement added to the end of the last sentence of Section 14.6.:
; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.
9. Section 14.7 of the Agreement, under the heading “Exclusive Jurisdiction and Venue”, shall be amended by the addition of the following statement added to the end of the last sentence of Section 14.7.:
; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.
10. Section 14.11 of the Agreement, under the heading “Waiver of Jury Trial”, shall be supplemented by the addition of the following statement at the end of the sentence contained in Section 14.11.:
; except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Minnesota Franchise Act.
11. Section 14.9 of the Agreement, under the heading “Limitations of Claims,” shall be amended by the addition of the following statement added to Section 14.9.:
Under the Minnesota Franchise Act, any claims between the parties must be commenced within three years of the occurrence of the facts giving rise to such claim, or such claim shall be barred.
12. Section 14 of the Agreement, under the heading “Enforcement, Construction and Indemnification” shall be supplemented by the addition of the following new Section 14.27.:
14.27 - Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver or any liability under the Minnesota Franchise Act.
13. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this amendment.
14. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the

franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

15. The Minnesota Department of Commerce requires that the franchisor defer the collection of all initial fees from Minnesota franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State amendment to the Toro Taxes Franchise, LLC Area Representative Agreement on the same date as the Area Representative Agreement was executed.

Franchisor:

Toro Taxes Franchise, LLC

Area Representative:

By: _____
Signature

Signature

Name and Title

Name (please print)

Dated _____

Dated _____

New York – Area Representative Agreement Amendment
to Toro Taxes Business Area Representative Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Toro Taxes Franchise, LLC Area Representative Agreement (the “Agreement”) agree as follows:

1. Under Section 10.3 of the Agreement, under the heading “Conditions for Approval of Transfer,” the subsection 10.3(f) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(f) Area Representative, each Owner, and each Spouse must execute a general release in favor of Franchisor releasing Franchisor, Franchisor’s affiliates and Franchisor’s past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for any and all matters, claims, and causes of action, whether accrued or unaccrued, arising on, or before, the effective date of the Transfer; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Under Section 11.4 of the Agreement, under the heading “Conditions for Renewal,” the subsection 11.4(d) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(d) Area Representative and the Owners must execute the general release in favor of Franchisor, Franchisor’s affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Franchisee shall execute an estoppel statement; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Section 14 of the Agreement, under the heading “Enforcement, Construction and Indemnification” shall be supplemented by the addition of the following new Section 14.27:

14.27 - Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by Toro Taxes Franchise, LLC would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. Toro Taxes Franchise, LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the Toro Taxes Franchise, LLC Area Representative Agreement on the same date as the Area Representative Agreement was executed.

Franchisor:

Toro Taxes Franchise, LLC

Area Representative:

By: _____
Signature

Signature

Name and Title

Name (please print)

Dated _____

Dated _____

North Dakota – Area Representative Agreement Amendment
to Toro Taxes Business Area Representative Agreement

Notwithstanding anything to the contrary set forth in the Toro Taxes Business Area Representative (the “Agreement”), the following provisions shall supersede any inconsistent provisions and apply to Toro Taxes Business Area Representative Businesses offered and sold in the State of North Dakota:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your Toro Taxes Area Representative Business will be located within the State of North Dakota.

1. Section 11.4 of the Agreement is hereby amended by the addition of the following language:

Provisions requiring North Dakota franchisees to sign a general release upon renewal of the Area Representative Agreement are not enforceable in North Dakota.
2. Section 7.5 of the Agreement is hereby amended by the addition of the following language:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.
3. Section 14.7 of the Agreement is hereby amended by the addition of the following language:

Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota.
5. Section 14.6 of the Agreement is hereby amended by the addition of the following language:

For North Dakota Franchisees, North Dakota law shall apply.
6. Section 14.11 of the Agreement is hereby amended by the addition of the following language:

Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Section 14.10 of the Agreement is hereby amended by the addition of the following language:

Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.
8. Section 14.9 of the Agreement is hereby amended by the addition of the following language:

Provisions requiring a franchisee to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of North Dakota Law are met independently without reference to this amendment.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any

applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Franchisor:

Toro Taxes Franchise, LLC

Area Representative:

By: _____
Signature

Signature

Name and Title

Name (please print)

Dated _____

Dated _____

Washington State – Area Representative Agreement
Amendment
to Toro Taxes Business Area Representative Agreement

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 may supersede the Area Representative 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 Area Representative Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Area Representative Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Representative Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Area Representative Agreement or elsewhere are void and unenforceable in Washington.
8. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
9. Section 14.17 of the Area Representative Agreement does not apply to Washington franchisees.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Washington State amendment to the Toro Taxes Franchise, LLC Area Representative Agreement on the same date as the Area Representative Agreement was executed.

Franchisor:

Toro Taxes Franchise, LLC

Area Representative:

By: _____
Signature

Signature

Name and Title

Name (please print)

Dated _____

Dated _____

Virginia – Area Representative Agreement Amendment
to Toro Taxes Business Area Representative Agreement

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Virginia Law are met independently without reference to this amendment.

Franchisor:

Toro Taxes Franchise, LLC

Area Representative:

By: _____
Signature

Signature

Name and Title

Name (please print)

Dated _____

Dated _____



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT I
STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

Effective Dates	
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT J
RECEIPTS

TORO TAXES FRANCHISE, LLC
RECEIPT (Area Representative FDD)

This Disclosure Document summarizes certain provisions of the Area Representative Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If Toro Taxes Franchise, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Toro Taxes Franchise, LLC 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, D.C. 20580 and the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

Issuance Date of this Disclosure Document: April 22, 2024

The franchise sellers for this offering are:

Name	Principal Business Address	Telephone Number
Nick Maldonado	6130 Elton Avenue, Las Vegas, Nevada 89107	(800)867-6829
Javier Solis	6130 Elton Avenue, Las Vegas, Nevada 89107	(800)867-6829
Oscar Toro	6130 Elton Avenue, Las Vegas, Nevada 89107	(800)867-6829
Carlos Maldonado	6130 Elton Avenue, Las Vegas, Nevada 89107	(800)867-6829

I have received a disclosure document dated April 22, 2024 that contained the following Exhibits:

- | | |
|--|---|
| A. List of State Administrators | F. List of Franchisees |
| B. List of Agents for Service of Process | G. List of Franchisees Who Have Left the System |
| C. Operations Manual Table of Contents | H. State Specific Addendum |
| D. Financial Statements | I. State Effective Dates |
| E. Area Representative Agreement | J. Receipts |

Date	Print Name	Signature
Date	Print Name	Signature

Please sign this copy of the receipt, date your signature, and return it to Toro Taxes Franchise, LLC, 6130 Elton Avenue, Las Vegas, Nevada 89107.

TORO TAXES FRANCHISE, LLC
RECEIPT (Area Representative FDD)

This Disclosure Document summarizes certain provisions of the Area Representative Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

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If Toro Taxes Franchise, LLC 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, D.C. 20580 and the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

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Date	Print Name	Signature
Date	Print Name	Signature

Please sign this copy of the receipt, date your signature, and return it to Toro Taxes Franchise, LLC, 6130 Elton Avenue, Las Vegas, Nevada 89107.