

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution**. The franchise agreement require 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 Liability**. Your spouse must sign a document that makes your spouse liable for all your financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
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. **Unopened Franchises**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.
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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.

Type of Fee (Note 1)	Amount	Due Date	Remarks
		<p>each month for the preceding month during any period between May 1st and December 31st</p> <p>(iv) Monthly on or before the 10th day of each month for the preceding month for business tax returns provided</p>	
Local and Regional Advertising Cooperatives (Note 6)	Set by a majority of the advertising cooperative members but not more than 2% of Gross Sales unless all cooperative members agree	As determined by cooperative members	Established by cooperative members, not exceeding 2% of Gross Sales.
Technology Fee (Note 7)	Up to \$250 per month, currently not charged	Due monthly on the 10 th day of each month for the prior month	This fee will be debited automatically from your business bank through ACH.
Bank Product Fee (Note 8)	Currently \$39.95 fee per tax return using a Bank Product, if permitted by law and subject to change	Pre-deducted from Gross Sales processed through Bank Products	This fee is for Bank Products utilized on behalf of your customers, such as refund anticipation loans, bonus checks and other Bank Products. This fee is subject to change. <u>We will not increase this fee more than \$25% annually, subject to the increase by the law.</u>
Non-Bank Product Fee (Note 7)	Currently \$5 fee per tax return not using a Bank Product, if permitted by law and subject to change	Pre-deducted or on demand	This fee is when Bank Products are not utilized on behalf of your customers. This fee is subject to change. <u>We will not increase this fee more than \$25% annually, subject to the increase by the law.</u>
Transmitter and Variable Software Fees (Note 8)	Currently \$64.95 per tax return using a Bank Product (if permitted by law). Fees are subject to change	Pre-deducted from Gross Sales processed through Bank Products	This fee is paid directly to the software company for each tax file that utilizes a Bank Product and is in addition to the Bank Product Fee. This fee is subject to change. We may receive rebates based on your payment of the Transmitter and Variable Software Fees. We will not

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			<u>increase this fee more than \$25% annually, subject to the increase by the law.</u>
Customer Service and Refund (Note 9)	Varies under the circumstances	On demand	This fee will be debited automatically from your business bank through ACH. This fee will be based on the costs incurred by us, including refunds and credits that we may pay or undertake on behalf of a customer that was not satisfied with the services or products of your Office.
Bookkeeping Services Software Fee	Currently \$20 per month	Monthly	Payable to our designated supplier of bookkeeping services software. You must use our designated supplier of bookkeeping services software. Subject to increase by third party supplier price modification.
Bookkeeping Services Royalty Fee	Currently \$30 per client per month	Monthly on or before the 10 th day of each month for the preceding month	This fee will be debited automatically from your business bank through ACH or other means designated by us. <u>We will not increase this fee more than \$25% annually.</u>
Customer Relationship Management Software Fee (Note 10)	Currently not assessed, will vary based on usage	Monthly	Payable to our designated supplier of the customer relationship management (CRM) software. You must use our designated supplier of CRM software. Subject to increase by third party supplier price modification.
Additional Employee Initial Training	\$250 per person \$600 per person for Business Division Services training	On demand or on March 10th of Tax Season if financed	There is no initial pre-opening training fee for you or your Managing Owner, one designated manager and one tax preparer. This fee applies to additional individuals that we authorize to attend training. If additional parties attend a Business Division Services training, a fee of \$600 per person will apply. Initial training is conducted at facilities that we designate and you must pay for all other expenses of your

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			trainees, including salary, travel and accommodations. If you register for anyone to attend the initial pre-opening training program or a Business Division Services training and they fail to attend, you will be subject to a fee of \$250 per person that fails to attend the initial pre-opening training program or a Business Division Services training. <u>We will not increase this fee more than \$25% annually.</u>
Supplemental On-Site Training	Our then current daily rate per trainer, plus expenses. Our current daily trainer rate is \$750 per day	On demand	Following participation in our initial training program and the opening of your Office, if you request that we provide training or assistance on-site at your Franchise Location, you must pay our then current fee for each trainer. You must also reimburse us for our trainer(s) expenses including travel and accommodations. If you register for anyone to attend a training, course or other program following participation in our initial training program and the opening of your Office and they fail to attend, you will be subject to a fee of \$250 per person that fails to attend the training, course or other program. <u>We will not increase this fee more than \$25% annually.</u>
Continuing Education Training Program	Our then current rate, currently \$250 per additional person per 20-hour online course	On demand	In addition to the Initial Training and the On-Going Tax Training, you and your personnel are also required to participate in the 20-hour online annual continuing education training program that we designate. The cost for such annual training is currently \$250 per additional person per day for any individual over and above the first three designated personnel authorized to participate in the annual continuing education training program. This annual

		us; you and your Owners must be in compliance with your obligations under the Franchise Agreement and all other agreements with us; the transferee must agree to be bound by all of the terms and provisions of the Franchise Agreement; the transferee's owners and their spouses must personally guarantee all of the terms and provisions of the Franchise Agreement; you and your Owners and their spouses must sign a general release in favor of us; the transfer must provide for the assignment and/or ownership of the approved location for the Franchised Business, and the transferees continued use and occupancy of such location throughout the term of the Franchise Agreement; the assets of the Franchised Business must be transferred to the transferee; the transferee and the transferee's owners and managers, at the transferee's expense must complete our training programs; we waive our right of first refusal; we approve of the transfer and transferee in writing and subject to our discretion; and you pay the Transfer Fee (subject to applicable state laws).
n. Franchisor's right of first refusal to acquire franchisee's business	14.F.	We have the right to match any offer to purchase your Office or the Corporate Entity operating your Office.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.
p. Death or disability of franchisee	14.D.	If you are an individual, within 30 days of the death or permanent disability of Franchisee, your executor and/or legal representative must appoint an Operating Manager approved by us and within 60 days of such appointment the Operating Manager must complete, to our satisfaction, our initial training program. Within 12 months of the date of death or disability, the Franchise Agreement must be transferred to a transferee approved by us and otherwise transferred in accordance with the terms of the Franchise Agreement. If the franchisee is a Corporate Entity, within 30 days of the death or permanent disability of your Managing Owner, if there are other Owners, must appoint a replacement Operating Manager approved by us and within 60 days of such appointment the replacement Operating Manager must complete, to our satisfaction, our initial training program.
q. Non-competition covenants during the term of the franchise	6	No involvement in any competitive business and must comply with confidentiality, non-disclosure and non-solicitation covenants. <u>Subject to applicable state law.</u>
r. Non-competition covenants after the franchise is terminated or expires	6, 17.C.	No involvement, ownership or interest whatsoever for 36 months in any competing business in: your Designated Territory; a 25 mile radius of your Designated Territory; a 25 mile radius of the Designated Territory of any other Office; and you must comply with confidentiality, non-disclosure and non-solicitation covenants. <u>Subject to applicable state law.</u>

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.

F. 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.

G. 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 FDD Amendment
Amendments to the Toro Taxes
Franchise Disclosure Document

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

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 Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Toro Taxes Franchise, LLC

Franchisee:

Signature

Signature

Name and Title (please print)

Name (please print)

Dated

Dated