



FRANCHISE DISCLOSURE DOCUMENT

LOS TAXES FRANCHISE CORP.

A Delaware corporation
717 N. Union Street #123
Wilmington, Delaware 19805
Telephone: 855-Los-Taxes
www.LosTaxes.com
info@lostaxes.com

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

The total investment necessary to begin operation of a Los Taxes franchise is \$4,515 to \$37,400. This includes \$20,000 that must be paid to the franchisor and/or its affiliate, as appropriate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Javier Solis at 717 N. Union Street #123, Wilmington, Delaware, 19805, 855-Los-Taxes.

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

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

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

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STATE COVER PAGE

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

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

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

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN DELAWARE. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN DELAWARE THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISEE WILL BE REQUIRED TO MAKE A TOTAL INITIAL INVESTMENT RANGING FROM \$5,515 TO \$60,600. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2016, WHICH IS \$11,293.
4. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS A LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAT A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
5. THE FRANCHISOR'S FINANCIAL STATEMENTS SHOW THAT ITS LIABILITIES EXCEED ITS ASSETS. THIS MEANS THAT THE FRANCHISOR MAY NOT HAVE THE FINANCIAL RESOURCES TO PROVIDE SERVICES OR SUPPORT TO YOU.
6. 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.
7. YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
8. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective date: See the next page for state effective dates

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