

FRANCHISE DISCLOSURE DOCUMENT

SmallBizPros, Inc. d/b/a Padgett Business Services®
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PADGETT BUSINESS SERVICES® WHERE YOUR SUCCESS TAKES ROOTSM

The franchisee will operate a PADGETT franchised business offering tax, payroll compliance and reporting services. As a part of providing these services, franchisees will prepare financial statements for management use, provide income tax advice and preparation services, provide payroll services and provide business counseling and related services using forms, systems and procedures authorized by PADGETT. If a prospective franchisee is currently operating a similar business, he or she may qualify to be an affiliate franchisee ("affiliate") which offers franchisee, among other features, a lower initial fee.

The total first-year investment necessary to begin operation of a Padgett franchised business is \$99,975.00. This includes \$59,000.00 that must be paid to the franchisor. The total first-year investment necessary to begin operation of a Padgett-affiliated business is between \$44,975 and \$99,975.00. This includes initial fees of between \$4,000 and \$59,000.00 that must be paid to the franchisor by affiliate.

This disclosure document, including the exhibits herewith, applies to franchisees and affiliates alike. All references to "franchisee" also apply to an "affiliate," unless specifically noted.

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 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 governmental 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 the Franchise Development Team at 400 Blue Hill Drive, Suite 201, Westwood, Massachusetts 02090 and 1-877-729-8725, ext. 225.

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, 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.

The issuance date: August 26, 2015

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 D 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 LITIGATION ONLY IN GEORGIA. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN GEORGIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT GEORGIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISE AGREEMENT REQUIRES THAT YOUR SPOUSE, THE SPOUSES OF YOUR OWNERS OR PARTNERS (IF THE "FRANCHISEE" IS A BUSINESS ENTITY), AND ANY GUARANTORS' SPOUSES BE BOUND BY THE NON-COMPETITION COVENANTS OF THE FRANCHISE AGREEMENT, WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS. ALSO, A GUARANTOR PLACES HIS OR HER PERSONAL ASSETS AT RISK BY PERSONALLY GUARANTEEING THE FRANCHISEE'S OBLIGATIONS.
4. YOU MUST PAY US MINIMUM MONTHLY ROYALTY FEES EVEN IF THE FRANCHISE BUSINESS HAS NO REVENUE.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more franchise brokers or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

Effective Date (for non-registration states): August 26, 2015

Effective Date (for states requiring registration or notice filings):

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|---------------|-------|
| California: | _____ |
| Hawaii: | _____ |
| Illinois: | _____ |
| Indiana: | _____ |
| Maryland: | _____ |
| Michigan: | _____ |
| Minnesota: | _____ |
| New York: | _____ |
| North Dakota: | _____ |
| Rhode Island: | _____ |
| South Dakota: | _____ |
| Virginia: | _____ |
| Washington: | _____ |
| Wisconsin: | _____ |

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