

SMT & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Client Name: _____

Date: _____

Dear Client:

We appreciate the opportunity to work with you. To minimize the possibility of a misunderstanding between us, we are setting forth pertinent information about the services we will perform for you.

We will prepare your **2011** federal and state individual income tax returns from information which you will furnish to us. We will not audit or otherwise verify the data you submit, although it may be necessary to ask you for clarification of some of the information. We will furnish you with questionnaires and worksheets to guide you in gathering the necessary information. Your use of such forms will assist in keeping the fee to a minimum. We will render such accounting and bookkeeping assistance as determined to be necessary for preparation of the income tax returns.

We must receive all information to prepare your return by **March 23, 2012** to ensure that your return will be completed by April 17, 2012. If we have not received all of your information by **March 23, 2012**, and your return is not completed by April 17, 2012, we will file an automatic extension for you. However, any tax that may be due with the eventual return must be paid by April 17, 2012. Any amounts not paid by the filing deadline are subject to interest and late payment penalties.

It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including but not limited to the auto, travel, entertainment, and related expenses and the required documents to support all charitable contributions. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing and mailing them to the tax authorities. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest.

We are responsible for preparing only the returns listed above. Our fee does not include responding to inquires or examination by taxing authorities. However, we are available to represent you and our fees for such services are at our standard rates and would be covered under a separate engagement letter.

We will use our judgment to resolve questions in your favor where a tax law is unclear if there is a reasonable justification for doing so. Whenever we are aware that a possibly applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. In accordance with our professional standards, we will follow whatever position you request, as long as it is consistent with the codes, regulations, and interpretations that have been promulgated. If the IRS should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional penalties or assessments. In the event, however, that you ask us to take a tax position that in our professional judgment will not meet the applicable laws and standards as promulgated, we reserve the right to stop work and shall not be liable to you for any damages that occur as a result of

ceasing to render services.

It is our firm's policy to retain copies of your tax returns for seven years, after which they will be destroyed. We also maintain a policy to keep records we prepare related to this engagement for seven years. However, we do not keep any original client records, so we will return those to you at the completion of this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

Our fee for these services will be based upon the amount of time required at standard billing rates plus out-of-pocket expenses. Unless prior arrangements have been made, payment for services are due no later than when you pick up your return. Interim billings may be submitted as work progresses and expenses are incurred. We reserve the right to stop work on any account that is 30 days past due; in this case we shall not be liable to you for any damages that occur as a result of ceasing to render services.

If any dispute arises among the parties, they agree to try first in good faith to settle the dispute by mediation administered by the American Arbitration Association (AAA) under its Rules for Professional Accounting and Related Services Disputes. All unresolved disputes shall then be decided by final and binding arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the AAA. Fees charged by any mediators, arbitrators, or the AAA shall be shared equally by all parties. IN AGREEING TO ARBITRATION, WE BOTH ACKNOWLEDGE THAT IN THE EVENT OF A DISPUTE EACH OF US IS GIVING UP THE RIGHT TO HAVE THE DISPUTE DECIDED IN A COURT OF LAW BEFORE A JUDGE OR JURY AND INSTEAD WE ARE ACCEPTING THE USE OF ARBITRATION FOR RESOLUTION.

If the foregoing fairly sets forth your understanding, please sign the enclosed copy of this letter in the space indicated and return it to our office. If there are other tax returns you expect us to prepare, please inform us by noting so at the end of the return copy of this letter.

We want to express our appreciation for this opportunity to work with you.

Very truly yours,

SMT & Associates, Inc.

Accepted By: _____

Date: _____