TO: CLIENT

Thank you for your call, for our recent meeting, and for choosing me to help you resolve your IRS problem.

In the attached proposed engagement letter, I have listed the steps in the offer in compromise process. Proper completion of the Forms 433A, 433B, and 656 are the most important phase of the offer process. Before we can submit and offer, all income tax returns have to be filed up to date.

The first phase of the offer process is the forms preparation and submission which takes no face to face contact. Later during the investigation phase, you provide and I submit documents to verify and support your financial status. Most times, no face to face discussion is necessary. Occasionally, phone calls are warranted. Should the offer be rejected at the investigation phase, there is an appeals phase were a meeting is usually required.

My time as an advisor started with our initial meeting and continues until you notify me of termination of the engagement.

I look forward to working with you on your IRS matter. For more information see my web site www.octaxdefense.com.

Please read the attached proposed engagement letter and sign.

Also note that 31 CFR Part 10, section 10.35, requires us to notify you that any tax advice in this electronic message was not intended or written to be used, and cannot be used, for the purpose of avoiding penalties.

Very truly yours,

STEVEN J. FELDMAN

TO: CLIENT

The Power of Attorney (form 2848) you sign authorizes the Internal Revenue Service to disclose your confidential tax information to me. I recommend that during the period of time that we hold a Power of Attorney, that you forward all IRS phone calls to our office. (Note: POAs have gotten in trouble with the IRS for telling people “Do not talk to the IRS.”)

I will

a) act as your advisor in the preparation of the Forms 433A, 433B, and 656.
b) represent you by handling telephone calls, correspondence, and meetings with the Collection Division on your behalf as long as the conditions of this agreement are met.

You will compensate me at the rate of $___ per hour in 15 minute intervals plus out of pocket expenses for copying and travel. A $_____ deposit for Internal Revenue Service collection problems is receivable in advance. You will be mailed an invoice weekly and payment is due in 10 days. Interest of 18% on your outstanding balance starts after 30 days.

Should your account become more than 10 days past due or should you fail to timely provide us with the necessary information, we reserve the right to cease services.

Any disagreement with this contract, the services, or fees will be settled at mediation.

Steps to assure smooth negotiations are:

Return phone calls promptly.
Supply information timely.
Pay invoices upon receipt.
Timely deposit any current taxes due.
Timely file all tax forms.

Our office hours are 9 am to 5 p.m. Monday through Friday. If we are out, please leave a message on the voice mail.

Also note that 31 CFR Part 10, section 10.35, requires us to notify you that any tax advice in this electronic message was not intended or written to be used, and cannot be used, for the purpose of avoiding penalties.

Very truly yours,

If you have read the above and the conditions on the Form 656 and you agree to these terms and conditions, please sign below and return one copy of this letter to above address.

____
Sign, date

____
Sign, date

ATTACHMENT TO ENGAGEMENT LETTER

TO DO:

WHILE YOUR OFFER IS PENDING, YOU ARE TO OBSERVE THE FOLLOWING:

1. **FILE AND FULL PAY ALL CURRENT TAX RETURNS TIMELY.**

2. MAKE ALL CURRENT YEAR ESTIMATED TAX PAYMENTS TIMELY. **I RECOMMEND THAT YOU MAKE YOUR CURRENT YEAR ESTIMATED TAX PAYMENTS MONTHLY.** Before the offer is approved you will need to be current with year's payments.

3. IF APPLICABLE, MAKE ALL PAYROLL TAX DEPOSITS TIMELY. (I recommend that you pay payroll tax deposits each pay day).

4. RESPOND TO IRS REQUESTS TIMELY OR THEY HAVE THE RIGHT TO RETURN OFFERS WITH NO APPEAL RIGHTS.

5. READ THE FINE PRINT OF FORM 656. YOU ARE MAKING A 5 YEAR COMMITMENT.

INFORMATION I NEED FROM YOU:

1. Copies of last three months pay stubs.
2. Copies of last three months bank statements, savings & loan statements, brokerage statements, etc.
3. Form 433A completed.
4. Complete all of Form 433-B (much like the Schedule C on a tax return).
5. Copy of title on vehicle(s) you own.
6. Page from Blue Book that reflects vehicle's value.

Note: 31 CFR Part 10, section 10.35, requires us to notify you that any tax advice in this electronic message was not intended or written to be used, and cannot be used, for the purpose of avoiding penalties.

NOTE: ANY UNPAID BALANCE ON A FILED RETURN WILL CAUSE THE IRS TO VOID AND TERMINATE THE OFFER PROCESS. Read the fine print on the back of Form 656.

THE STAGES OF NEGOTIATIONS WITH COLLECTION DIVISION ARE:

STAGE 1:

You file all tax returns due.
You make all estimated tax payments.
You collect financial information.
You or I prepare Form 433A and B.
Submit offer.

STAGE 2:

Offer accepted as processable.

STAGE 3:

Wait for assignment of offer to Offer Specialists.
Financial investigation & negotiations. – You should have your supporting documents ready to submit to the Offer Specialists.

STAGE 4:

Telephone calls, correspondence, and meetings with you and IRS.
Negotiations with IRS on contents of Form 433A and 433B.

STAGE 5:

Agree, wait for signatures of IRS management, money due in 30 to 90 days.
Disagree, protest in 30 days and request and conference with an appeals officer.

STAGE 6:

If agree, make payment of offer based upon terms of agreement.
If disagree, wait for conference with an appeals officer.

STAGE 7:

Conference with appeals officer.
If agreed, make payment of offer based upon terms of agreement.
If disagree, this is the end of this offer. Other payment arrangements will need to be made.

- **Keep all receipts whether paid by cash, credit card, or check.**
- **Please plan to have your records available in an organized fashion.**
- **When your offer is being investigated, you may be called upon to produce the following documents.**

- **FIND THESE DOCUMENTS.**

1. Employee's Earning Statement (or similar information from your employer) showing gross wages, deduction, and take home pay for each of the most recent 10 pay periods. If self-employed, furnish other evidence of current rate of income.

2. Income from other sources. These include dividends/interest, annuities and pensions, rents or royalties, sale of assets within the last 12 months, amounts borrowed, and gifts. Have available supporting documentation for review.

3. All life insurance policies in force and documentary verification of any policy loans, pledges or assignments, showing dates, amount and names of creditors.

4. Do you have any accounts receivable? Notes receivable? If the answer to either is YES, furnish name and address of debtor, amounts due, date of original transaction (month and year), due dates of payments, and amounts of payments.

5. All available papers and documents relating to your real estate (such as deeds of trust, purchase contacts, closing statements, or notes) with book and page of any county recordation. You will need to furnish legal description, purchase date, original cost, present balance due, name and address of present mortgage holder on each item of real estate owned by you or in which you have a vested interest.

    If you have ever secured any appraisals of real estate, please furnish a copy, if available.

    How did you arrive at value stated on Form 433?

    If you are renting the premises in which you reside, provide the name and address of landlord, length of residency, amount of rent, and due date of rent.

    Homeowner's or Renter's Insurance. Have policy available for review, to include premium due and name and address of insurance carrier.

6. Furniture and fixtures. Date purchased, original cost, balance due, amount of payment, name and address of creditor, and present value.

7. Do you own any expensive paintings, antiques, tapestries, fur coats, jewelry, or any other personalty? If so, please list items and their value. If any appraisals are available, please furnish a copy.

8. Titles (or registration) on all your motor vehicles of any type, and furnish make and model, list of accessories, contract purchase price, date of purchase, trade-in allowance (if any), original amount of loan, present balance due, name and address of present note holder, and amount of monthly payments.

9. Car insurance policy. Have policy available for review, to include premiums due and name and address of insurance carrier.

10. Stock certificates evidencing ownership of the stock of any corporation, and evidence as to cost, date of purchase, dividend rate, and present value (and the basis for that determination). If stock has been pledged, assigned, or otherwise encumbered, furnish details as to dates, amounts, name and addresses of creditors.

11. All available papers and documents on charge chard accounts, other accounts payable, notes payable, pledges, and other liabilities, showing the following on each:

Date	Monthly payments
Original amount	Present balance due
Name and address of Creditor	Security pledge, if any

12. All medical/health insurance policies in force, showing premium amounts and name of insurance company.

13. Are there any judgments outstanding against you? If so, furnish type of judgment, nature of debt, judgment holder's name and address, date and place of recordation, and book and page of recordation, and balance due. Are payments being made?

14. Have you disposed on any real estate from the beginning of the earliest tax period covered by the offer to this date? If so, furnish book and page of recordation, manner of disposition, to whom, and funds received, or other consideration received.

15. Are you involved in any torts or cause in action from which you stand to benefit? If so, furnish details.

16. Do you know of any inheritance prospects? If so, furnish details.

17. Are you now, or have you ever been, a member of a pension or profit plan or annuity and thrift plan? If so, do you have an interest therein? If yes, furnish complete details.

18. Are you involved in any foreclosure proceedings? If yes, furnish complete details.

19. Do you have any bankruptcy proceedings pending?

20. Is the sum offered in the compromise borrowed money? Please furnish details.

21. Copies of last three years of Federal Income Tax Returns, with supporting documents.

22. Do you rent and have access to a safety deposit box? If so, furnish box number and name and address of institution.

23. Bank statements and canceled checks for the past 12 months on any and all bank accounts in your name (or which you control or have an interest in, even though in some other name).

24. Pass books (or other statements) for past 12 months on any and all savings accounts, certificates of deposit, credit union accounts, etc., in your name (or which you control or have an interest in, even though in some other name).

25. This list is not all inclusive; therefore additional data may be required concerning any other assets or liabilities.

Note: 31. CFR Part 10, section 10.35, requires us to notify you that any tax advice in this electronic message was not intended or written to be used, and cannot be used, for the purpose of avoiding penalties.