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Sand Canyon settles lending practices case with Commonwealth of Massachusetts

Agrees to cash payout of \$9.8 million

Irvine, Calif. - Sand Canyon Corp., an indirect subsidiary of H&R Block, Inc. (NYSE: HRB), today announced a settlement with the Commonwealth of Massachusetts where it agreed to pay the Commonwealth \$9.8 million to dismiss litigation against the company. In addition, the company agreed to provide for a \$5 million contingency to cover loan modifications that cannot be made.

Loan modifications made in connection with the settlement will be made by the current loan servicer when the modifications benefit the investors holding the loans. The Commonwealth has valued these loan modifications at \$115 million. It is important to note that Sand Canyon's maximum contingency commitment under this settlement is capped at \$5 million for these loan modifications.

The settlement does not constitute any admission of wrongdoing by Sand Canyon. Block Financial Corp. was not a party to the settlement and will be dismissed from the litigation.

"We are pleased with the final outcome and believe this is good for all parties involved," said Dale Sugimoto, president of Sand Canyon.

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