

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase the Startup Supplies and Equipment Package (defined in Item 7 of this Disclosure Document) from us. We are the only approved supplier of this package. We derive income by charging a markup over the costs of acquiring certain of these goods. Our revenue from the sale of equipment and ~~services~~products to franchisees was \$1,576,296 or 71864,789 or 39% of our total revenues of \$2,209,597 for the year ending December 31, 2014. For a Plant franchise, the cost of supplies and equipment purchased in accordance with specifications represents approximately 80% of your total purchases in connection with the establishment of the Plant. For a Satellite Store location, this cost is approximately 47% of your total purchases in connection with the establishment of your store.

On an ongoing basis, you must purchase goods and services from us or from our approved suppliers and according to our specifications. Approved suppliers and specifications are in our Operations Manual. Approved suppliers and specifications are determined based on the current needs for operating the franchised business. We do not have purchase arrangements with suppliers for which we receive consideration; rather, we require you to use suppliers that we have already approved. We evaluate approved suppliers based on price, service quality, and other commercially reasonable benchmarks. The identity of approved suppliers and these specifications are updated periodically in writing by modifying the appropriate pages of our Operations Manual, The Way We Do Things. We will send you modified pages through the United States Mail, electronic mail, or by any other commercially reasonable means. You may ask us to review and approve new suppliers or products. We have procedures for approving suppliers you recommend, which are further detailed in the Operations Manual. If you would like us to evaluate a new supplier, you will pay us \$200 plus actual expenses for testing such product or supplier. It takes up to 30 days to evaluate new suppliers, and we will notify you of our approval or disapproval after 30 days following our receipt of your recommendation. Approvals may be revoked by us for cause, and we will notify you of such revocations in writing.

We have disclosed required purchases of hardware and software in Item 11.

We do not provide other material benefits to you (e.g., special renewal privilege or additional franchises) based on your use of our designated or approved sources.

We may terminate your franchise if you purchase goods or services that are not according to our specifications.

There are no purchasing or distribution cooperatives at this time.

Item 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

<i>Obligation</i>	<i>Section in agreement</i>	<i>Disclosure document item</i>
a Site selection and acquisition/lease	1, 3	11
b Pre-opening purchases/leases	1, 3	8
c Site development and other pre-opening requirements	1 and 3	11
d Initial and ongoing training	3	11

<i>Obligation</i>	<i>Section in agreement</i>	<i>Disclosure document item</i>
e Opening	2 8 and 3	11
f Fees	1 4 2 1 2 2 2 5 2 6 2 7 3 2 3 5 3 6 8 3, 9 2	5 6
g Compliance with standards and policies/Operations Manual	3 6 6	11
h Trademarks and proprietary information	4	13, 14
i Restrictions on products/services offered	6	16
j Warranty and customer service requirements	No specific provision	Not applicable
k Territorial development and sales quotas	No specific provision	12
l Ongoing product/service purchases	6	8
m Maintenance, appearance and remodeling requirements	6 1	17
n Insurance	12 1	7 8
o Advertising	2 5 and 2 6	6
p Indemnification	12 4	Not applicable
q Owner's participation/management/staffing	3 1	15
r Records and reports	7	11
s Inspections and audits	8	6 and 11
t Transfer	9	17
u Renewal	1	17
v Post-termination obligations	10 and 11	17
w Non-competition covenants	5 and 11	17
x Dispute resolution	12 and 13	17
y [other]		

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FINANCING

We do not offer direct or indirect financing We do not guarantee your note lease or obligation

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Franchisor's Assistance

Except as listed below, we are not required to provide you with any assistance (FA = franchise agreement)

Before you begin operations of your Lapels® business we will

Grant you a franchise to be operated from a specific location in a specific territory (from time to time generally referred to herein as the "Store")(FA 1 3) The methods we use to assist you in selecting a site for your Lapels® business are an analysis of demographics including household counts income levels and LifeMode summary groups with similar consumption and demographic patterns etc We also conduct a review of the site plan traffic patterns foot traffic count cost for build-out or renovation proximity to competition, proximity to major anchor tenants, etc

Provide you with pre-opening assistance which will include

- (1) Assisting you in selecting the site for the Store (FA 1 3)
- (2) Reviewing the location selected by you for conformity to our site selection guidelines The site must meet our criteria for demographic characteristics traffic patterns parking character of neighborhood, competition from, proximity to and nature of other businesses size appearance and other physical and commercial characteristics
- (3) If you are obtaining a your first Lapels® franchise providing you guidance and assistance (either directly or through an independent commercial real estate agent) in submitting a Letter of Intent for the site you select Such Letter of Intent will include items such as initial and renewal terms, preferred parking signage criteria condition of space, ability to construct 24 hour drop box exclusivity language Landlord subordination Landlords work to space 'fit up' period delivery date of space and other payment terms Although we or our agents may provide guidance or assistance to you in your securing a lease for your site and make suggestions as to provisions to be changed or reviewed with your legal counsel you must accept full responsibility for the final terms and conditions of the lease for your site
- (4) Providing a suggested floorplan for your location For a Plant such plan would include call area layout equipment layout boiler room electrical load calculations and steam lines Although not always required if needed you will arrange for Architecturally Stamped plans for submission to the town You will independently contract with general contractor(s) architects and/or engineers to perform leasehold improvements to your location
- (5) Providing signage mockups and helping you secure town and landlord approval and installation of said signage Signage allowance is \$5 000 for a Satellite Store and \$8 000 for a Plant location Once town and landlord ordinances have been determined we will provide the maximum amount of signage allowed as a mock up along with additional pricing (if any) for your approval
- (6) Providing our proprietary Lapels® 'The Way We Do Things' Operations Manual (FA 3 6)
- (7) Assisting you during the Store s grand opening period and in the use of your Grand Opening Advertising Budget to promote the Store (FA 2 9)

Training

Provide you a pre-commencement training program for you and up to one additional employee to be trained simultaneously- (FA 3 1) Due to the type of training there are no regular scheduled training classes—schedules are developed based on franchisee and trainer availability, date of lease signing and date of store opening Training will begin, usually two to three weeks prior to the anticipated opening date of your store The individual training program is normally conducted over a 4-6 day time period or equivalent to 40 to 50 hours of training The exact time will depend upon your experience and ability to learn the material The content will be covered by studying our Operations Manual the Computer System Manual for familiarization with the touch screen application and on-the-job training at an operating Lapels® store (FA 3 1)

Training will be done either at our headquarters at 962 Washington Street Hanover Massachusetts and a local area Lapels® store and/or at our designated training store in Gilbert AZ You are responsible for paying for your travel and living expenses while training You are required to complete the training program to our satisfaction prior to commencing business

TRAINING PROGRAM – PLANT AND SATELLITE STORE

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Orientation and Overview of Computer	1	6 Hours	Operating

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