

4/21/16  
5/9/16**AV PURE SLEEP FRANCHISING, L.L.C.****A Michigan Limited Liability Company****Doing business as "PURE SLEEP"****6500 E. 14 Mile Road****Warren, Michigan 48092****Tel. (586) 983-2015**

This Franchise Disclosure Document ("FDD") describes "The Pure Sleep" franchise concept, a retail store business offering to the general public mattresses, pillows, protectors and other sleep related items under the Pure Sleep Marks and franchise System. Our franchises will be sold as either: (i) an Individual Unit Franchise ("Individual Unit Franchise"), or (ii) to qualified persons, the exclusive right may be granted to select and develop an agreed upon number of Pure Sleep franchise sites within a defined period of time ("Area Development Franchise").

This FDD offers to you two (2) types of franchises: (i) a newly built or leased "Stand Alone Store" where you will offer and sell only Pure Sleep approved products, and (ii) an "In-Store Gallery" for those existing furniture retailers desiring to expand their product base by offering Pure Sleep products to their customers.

The total investment necessary to begin operation of an Individual Unit Franchise ranges from \$133,459 to \$398,014 for conversion Stores and \$241,038 to \$442,822 for non-conversion newly created Stores. This includes an initial franchise fee of \$40,000.00 for each type of franchise. At our option, we may offer to you the opportunity to pay 50% of your initial franchise fee (i.e. \$20,000) –in the form of a promissory note that will be forgiven over a period of five (5) years as described by Item 10. The total investment necessary to begin operation of an Area Development Franchise is basically the same as Individual Unit Franchises, except that Area Developers pay an Area Development Fee equal to \$10,000 times the number of units to be developed, and the balance of the initial franchise fee at the time each Franchise Agreement is signed. The range of investment for a three (3) store Area Development is between \$122,500 to \$205,000.

- (1) 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.
- (2) 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.
- (3) 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, N.W., Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.
- (4) There may also be laws on franchising in your state. Ask your state agencies about them.

| Issuance Date: January 26, 2016.

## 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 M 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:

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN MICHIGAN. 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 MICHIGAN THAN IN YOUR HOME STATE.

THE FRANCHISE AGREEMENT STATES THAT MICHIGAN 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.

THE FRANCHISE AGREEMENT REQUIRES A MINIMUM ANNUAL SALES VOLUME THAT IS DETERMINED BY YOU AND THE FRANCHISOR, AND MINIMUM NET OPERATING INCOME.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

NOTE: THE AGREEMENT PROVISIONS REFERRED TO IN THE RISK FACTORS MAY BE VOID UNDER SOME STATE FRANCHISE LAWS AND SOME STATE FRANCHISE LAWS MAY REQUIRE DISCLOSURE OF ADDITIONAL RISK FACTORS. SEE ATTACHMENT "O".

*We may 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 Effective Date Schedule below.

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