

ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this franchise disclosure document “Southern Maid” means Southern Maid Donuts, Inc., the franchisor. “You” means the person who buys the franchise. Southern Maid is a Texas corporation formed on August 14, 2012. Its affiliate and predecessor, Southern Maid Donut Flour Co., was originally established as a proprietorship in 1937, incorporated on August 31, 1959, and operated as franchisor until September 2012. Southern Maid does business as Southern Maid Donuts, Inc., Southern Maid Donuts and Southern Maid. Southern Maid’s principal business address is 3615 Cavalier Drive, Garland, Texas 75042.

Southern Maid's affiliate manufactures and sells flour mixes, especially blended for donuts and donut products, and sells related products. Southern Maid allows its franchisees to operate donut shops (called “Southern Maid Donut Shops” in this franchise disclosure document) under the name “Southern Maid Donuts.” Southern Maid arranges for its franchisees to use the trademark “Southern Maid” according to the terms of the franchise agreement (License Agreement), a copy of which is attached to this document. Your competitors may include national chains that sell donuts, bakeries, grocery stores and individual retail donut shops. Special regulations for making and selling donuts in your state include the California Retail Food Code Sections 113700 through 114289 and 114380 through 114423, relevant regulations in the California Code of Regulations, and local ordinances and regulations applicable to food retailers, including food service licenses and food handlers’ certification or permits from the city and/or county in which you locate your shop.

Since 1939, Southern Maid or its affiliate has been selling franchises for the operation of Southern Maid Donut Shops. Southern Maid does not currently own or operate any Southern Maid Donut Shops. Southern Maid does not sell franchises in any other line of business. Southern Maid's affiliate offers for sale all equipment and allied products for the manufacture of donuts, but you are not required to purchase your equipment from it.

All new Southern Maid Donut Shops are built to Southern Maid specifications as to exterior and interior decor and style. The majority of existing Southern Maid Donut Shops are storefronts and are located in medium to large neighborhood shopping centers. The typical Southern Maid Donut Shop has a kitchen and seating for 10 to 12 persons in a total area of about 1,200 to 1,500 square feet.

Each Southern Maid Donut Shop offers a limited menu based on donuts, rolls and other bakery products, non-alcoholic beverages and other items customarily sold in donut shops.

The services and products of Southern Maid Donut Shops are used primarily by retail drive-up traffic, but you may also sell donut products to wholesale customers.

ITEM 2 BUSINESS EXPERIENCE

A. H. Hargrove is President and Director of Southern Maid and was elected President and Director of Southern Maid’s predecessor on March 18, 1991. Mr. Hargrove has been active in the management of Southern Maid and its predecessor since 1971, with a brief absence while working in the food service industry.

Doris Franklin is Vice President and Director of Southern Maid and has been active in the management of Southern Maid and its predecessor since 1970.

Les Franklin is Vice President of Strategic Development of Southern Maid and was appointed Vice President of Strategic Development of Southern Maid's predecessor on April 9, 2007.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this franchise disclosure document. No person previously identified in Items 1 or 2 of this franchise disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

**ITEM 4
BANKRUPTCY**

No person previously identified in Items 1 or 2 of this franchise disclosure document has been involved as a debtor in proceedings under the United States Bankruptcy Code required to be disclosed in this Item.

**ITEM 5
INITIAL FEES**

All franchisees pay a \$5,000.00 franchise fee. You must pay the full \$5,000.00 when the Company has fulfilled its initial pre-opening obligations to the Licensee and the Licensee is ready to open for business. No part of the franchise fee is refundable.

In addition to the franchise fee, you must incur an initial advertising expense of \$1,000.00 within 30 days after opening your donut shop. The initial advertising expense is not paid to Southern Maid. You must also incur approximately \$3,500.00 for your opening inventory of supplies, about \$3,000.00 of which will be paid to Southern Maid's affiliate and applied to sales of goods. Not more than \$10,000.00 for initial training support will also be paid by you to Southern Maid. Initial training support is based upon a training fee of \$500.00 per day per trainer (plus expenses) for a period that will be not be more than 10 days.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Transfer	An amount not to exceed the then-effective franchise fee	At the time of transfer	See Note 1
Assignment	\$500	At the time of assignment	See Note 2

Renewal	An amount not to exceed one-half of the then-effective franchise fee	At the time of renewal	See Note 3
Supplies	Dependent on commercial need	Within 7 days after Purchase	See Note 4
Late Charge	Lesser of: 1.5% per month or highest rate permitted by law, on delinquent balance	When assessed	Payments are delinquent if not made within 7 days after invoice date

All Fees are imposed by and are payable to Southern Maid, unless noted otherwise. All Fees are non-refundable.

NOTES:

(1) You cannot transfer or assign your franchise except under certain circumstances (described in Item 17 of this franchise disclosure document), and then only with the consent of Southern Maid and payment of the transfer fee. Also, Southern Maid has a 30-day right of first refusal to match any purchase offer you receive for your franchise. See Item 17 of this franchise disclosure document for a more detailed explanation.

(2) If you assign your rights under the franchise agreement to a corporation you have formed solely for the convenience of ownership of the franchised business, then Southern Maid will not unreasonably withhold its consent to such an assignment provided that you meet the conditions specified in Section 11.2 of the franchise agreement and pay a \$500.00 transfer fee to Southern Maid.

(3) You can renew your franchise for an additional 10-year term, but you must first meet certain requirements which are detailed in Item 17 of the franchise disclosure document.

(4) Although there is no set fee, franchisees are required to purchase certain supplies from Southern Maid Donut Flour Co., according to the franchisee's commercial needs. Payment for supplies must be made within 7 days after purchase.

**ITEM 7
YOUR ESTIMATED INITIAL INVESTMENT**

FEE OR COST	AMOUNT	METHOD OF PAYMENT	WHEN DUE	PAYMENT MADE TO
Initial Franchise Fee	\$5,000	Lump Sum	<u>At opening</u> (Note 1)	Southern Maid
Real Estate and Improvements	\$12,000 to \$100,000	(Note 2)	(Note 2)	(Note 2)
Equipment and Signs, Furniture and Fixtures	\$25,000 to \$100,000	As Incurred	As Billed	Suppliers (Note 3)

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/southern-maid-donuts>