

FRANCHISE DOCUMENT REVIEW

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ATTORNEYS AT LAW

Key Provisions of the FDD

Item 1 - provides information about the background of the franchisor, its parents and affiliates. This same Item is important in letting you know about competition and regulations in the industry that the franchise serves.

Items 5, 6 & 7 - are the financial disclosures. Every prospective franchisee should read these 3 Items carefully, including the footnotes to each item. These items disclose the obligations of the franchisee for the upfront fees (Item 5), on-going fees (Item 6) and the likely costs the prospective franchisee can expect to incur to open the business and run it in the first months of operation (Item 7 chart). It is wise to budget on the high end of the range stated.

Item 19 - this is the Financial Performance Representation. These assertions are to be taken cautiously, as they do not necessarily represent what you can expect to earn. You should read the footnotes to this Item too, and understand that your circumstances, location, marketing efforts, management skills and other unique variances, will mean that you should be very cautious in relying upon these figures.

Item 20 - these are 5 charts that indicate the number of corporate and franchised locations and the growth and attrition the franchisor has and expects. This is valuable information for a review of the franchisor's financial condition.

Experienced Franchise Attorneys

As you progress with a franchise investigation, an important question you should ask yourself is if you need an attorney to review the documents. The answer is **absolutely, yes!** This is a legal contract that you are entering into which can impact your business for years and cost you a great deal of money and time to fulfill. It is important that you have an experienced franchisee attorney, such as the attorneys at Lanard and Associates, review the documents to be on your team to protect your legal rights and explain the documents to you.

The attorneys at Lanard and Associates have over 20 years of experience evaluating franchise documents nationwide for their clients. Franchise law is a highly regulated, complex and specialized area of law that involves federal and state regulations. It is important to have **experienced** franchisee counsel review the FDD and franchise agreement even if the franchisor indicates that the agreement is not negotiable. Many times these "non-negotiable" documents *are* negotiable and can be amended to clarify terms or add provisions. The attorneys at Lanard and Associates represent clients nationwide looking at investing in a franchise.

The review by our attorneys will include explanation of the expectations a franchisee should have, the obligations the franchisee has to the franchisor, any concerns that the attorney reviewing the documents may have and requirements imposed on the franchisee that are not typical and that may present a concern. All of our franchisee services are at a flat fee, so you know up front what the costs are.

LET OUR ATTORNEYS BE ON YOUR BUSINESS TEAM

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