

## **NEW STORE OPPORTUNITY**

### Next Steps

Thank you for your interest in purchasing a Subway® franchise. Outlined below are some guidelines and a list of documents to help you to understand the qualification process. Please **DO NOT** sign any contracts or intent to buy, until you have been officially qualified by our office. It is highly recommended that you retain a lawyer and a CPA to assist you in this process and transaction.

#### **To begin the process you must show your ability to purchase**

- Proof of either US Citizenship or Permanent Residency
- **A net worth of \$450,000 and/or cash on hand of \$150,000 for a minimum of 6 months.** If you meet this requirement and must be able to provide proof when requested.
- All prospective franchisees must take and pass the Wonderlic Test – basic English & Math Test. We do not accept tests taken in other Development Offices.
- Franchise Disclosure Document -- the acknowledgment of receipts must be signed and notarized and have to have been in possession of the buyer for a minimum of ten business days prior to any further paperwork being signed.
- After you have passed the tests you will be provided with additional paperwork that must be completed and submitted to our office within the given time frame. To include:
  1. Application
  2. Personal financial Statement
  3. Preliminary Questionnaire
  4. Business Plan Outline
  5. Business Plan Questionnaire
  6. Restaurant Visit Report
- A meeting will be scheduled with our Development department for your formal interview.
- Understanding from the buyer/s that they must attend two weeks Franchisee training in Milford, CT, before settlement.

## TRANSFER PROCEDURES - Purchase an existing store

1. Meet qualifications listed on previous page.
2. Upon qualification, a list of stores for sale will be provided to you if you have not located a store you are interested in purchasing. You will have call the sellers direct and begin dialogue to obtain information about the store, e.g. purchase price, lease information, sales volume, profitability etc. Our office does not provide you with this information nor does it get involved with any negotiations. We will provide a Restaurant Purchase Consideration form to help facilitate your decision.
3. You may be provided with the Remodel Requirements or Décor/Equipment Requirements of the store and approximate pricing of the remodeling cost or Décor/Equipment that may need to be replaced. This pricing will only be provided if the store is due for an upgrade in the coming year per DAI requirements. This process takes a minimum of three weeks and it will help you negotiate the sale price more effectively. The original rent deposit for the store is a non-transferable asset and is not refunded to the seller. This should be taken into account while preparing the contract of sale.
4. All parties to a contract must be cited in their individual capacities as SELLER and BUYER. Transfers will be delayed if corporations are named as parties to the transfer.
5. Once you have a ratified contract, a meeting can be scheduled to do the Request for Transfer paperwork at our office. You will be provided with a list of paperwork as well as blank forms that will need to be completed and brought with you for submission as a part of the transfer request, as well as the amount of the Transfer Fee that will need to be paid. We highly recommend that a complete list of inventory, equipment and small-ware be included as a part of the contract.
6. The Transfer Request Paperwork is then sent to DAI and could take three to four weeks for review and approval. In the course of this process, DAI may request additional information to process your transfer. The information may be requested either from the buyer or the seller and it is processed through our office. When requested, immediate response is required.
7. If the buyer is a new franchisee, they are required to attend training. Registration is handled by our office. We register you after the Training Department has received qualification confirmation from the Transfer Department. You are required to take 20 prerequisite classes on the University of Subway prior to the start of your entering the Training class.
8. When the (Consent to Transfer) settlement paperwork is received, our office will schedule the settlement date between the buyer and the seller. The date is subject to the availability of the Business Consultant assigned to the store as he/she is required to spend seventy (forty-five or fifteen for existing franchisees) hours with the franchisees as they take over the store. At settlement certain requirements will have to be fulfilled by both the buyer and the seller. These will be explained to you prior to the settlement (i.e. operations manual, certificate of insurance, voided check, estoppels etc.)

Please contact us at the following offices should you have additional questions or concerns.

In the Washington/Baltimore region at 703-790-1010

Eastern VA region at 757-558-4214

Southwest VA region at 540-951-0389