



306 E Tyler St Tampa, FL 33602

## Franchise Information Letter

15 July 2022

### Franchise Forwarding Deposits

The following is an excerpt from HLC Policy Letter of 19 June 2022:

i. Forwarding deposits addresses the following: when a franchisee has treasury collect a \$50,000 deposit on a \$100,000 job, how much of the collected funds are forwarded to the franchisee? Forwarded funds are entrusted to the franchisee prior to them actually doing the work to earn the money through completion of the work. If someone has terrible credit, we might only advance them 10k of the 50k and hold back 40k until they have shown sufficient progress on the project.

ii. These are the tiers of credit rating vs. deposit forwarding. A franchisee can overcome their credit score and receive more based on point vii below:

1. 720+ credit score 100% deposits forwarded
2. 650+ credit score 75% deposits forwarded
3. 600+ credit score 50% deposits forwarded
4. Less than 600 credit score 25% deposits forwarded

iii. In the event a franchisee does not qualify for 100% deposit forwarding, they need to submit a written schedule for when they will be invoicing for the held back money.

iv. For example, on a bathroom remodel that is \$20,000.00 a franchisee that received 50% of their deposit might bill for the other 50% when the demolition and plumbing rough-in work is complete.

v. CRITICAL NOTE: For franchisees who are not receiving 100% of their deposits, they must maintain 2 draw schedules:

1. Their draw schedule with the client.
2. Their draw schedule with Home Love Construction.

vi. This part of the process is not intended to hinder work being completed. If a franchisee can give valid reason as to why they need more than their allotted

deposit amount to order materials or pay reputable vendors deposits, it can be forwarded with proof that the vendor has been paid in regards to that project. If the franchisee cannot pay the vendor, Home Love Construction will pay the vendor directly and deduct the amount from the franchisee's deposit for that project.

vii. Each 5 successful projects, a franchisee moves up 1 bracket in deposit forwarding. We do not want to be holding onto our partners' money, but we cannot afford to risk our solvency and good standing either.

viii. Keep in mind that franchisee fees are always taken immediately off any franchisee income and all calculations of sums owed should be done using the franchisee's current fee structure.

Issued as a Franchise Information Letter  
for  
Brad Bachand  
Founder