

If applicable laws do not permit amounts received for optometric or ophthalmologic services to be included in the calculation of Gross Receipts for the purpose of paying the Royalty, then the term “Gross Receipts” will not include receipts from such services; and the Gross Receipts as calculated will instead be multiplied by two (2) to calculate the Royalty.

If, in the future, a legal determination is made by a government authority or by us upon advice of counsel, that the current method of calculating the Royalty does not conform to current law, then we will negotiate with you in good faith an alternative fee arrangement that would conform to the law and provide equivalent economic value to Vision Source. If you and we do not agree within 90 days, we can terminate the Franchise Agreement immediately upon written notice to you. All post-termination obligations of the parties will remain in effect.

**Footnote No. 2.** If we terminate the Franchise Agreement based on your default, your request for an agreed early termination or wrongful repudiation of the Franchise Agreement, you must pay us liquidated damages in an amount equal to the accrued Royalties during the immediately preceding 24 full calendar months or the number of months remaining in the term of the Franchise Agreement at the date of termination, whichever is less. If you have been operating the Eye Care Center for less than 24 months, then the amount will be the average monthly Royalty since the Start Date multiplied by 24. Notwithstanding the above formula, liquidated damages will not be less than \$1,000 per month. You must also pay any taxes assessed on the payment of liquidated damages. If you have requested an early termination, and you previously provided the Notice of Intent to Transfer to Vision Source, then Vision Source will waive its right to Liquidated Damages in addition to waiving its Right of First Refusal.

All of the fees in this Item are uniformly imposed on new franchisees and Associate Members, except to the extent that the Royalty reduction programs produce variation among franchisees. All of these fees are payable to Vision Source and are non-refundable except as stated in Footnote No. 2.

Upon your election to do so, we may apply rebates we would otherwise distribute to you under the Cooperative Buying Program (see Item 8) toward current Royalties and other fees you owe to Vision Source. We may apply your payments to any past due debt you owe us regardless of how you say the payment should be applied. We may deduct past-due amounts owed to Vision Source and our affiliates from any rebates we would otherwise distribute to you under the Cooperative Buying Program. If you do not pay all amounts when due, we may suspend all or part of our services and support, including your participation in the Cooperative Buying Program or other programs we offer in the System, until you cure the delinquency.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT – NEW OFFICE**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	None			
Architectural & Miscellaneous Site Improvement Changes (Note 1)	\$10,000.00 to \$150,000.00	As Incurred	Prior to Opening	Vendors
Leasing of Eye Care Center (deposit and first month’s rent) (Note 1)	\$5,000.00 to \$20,000.00	As Incurred	Prior to Opening	Landlord
Signage	\$1,500.00 to \$9,000.00	As Incurred	Prior to Opening	Suppliers
Legal Fees	\$2,000.00 to \$915,000.00	As Incurred	As Incurred	Attorneys

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Inventories (Contact Lenses, Optical Frames & Lenses, Supplies)	\$20,000.00 to \$40,000.00	As Incurred	As Incurred	Vendors & Affiliates
Point-of-Sale Computer & Accounting Set-up	\$4,500.00 to \$12,000.00	As Incurred	As Incurred	Vendors and Accounting Professional(s)
Office Equipment and Furniture	\$30,000.00 to \$100,000.00	As Incurred	As Incurred	Suppliers
Prepaid Expenses and Deposits	\$3,000.00 to \$5,000.00	As Incurred	As Incurred	Vendors & Utilities
Practice Development Expenses	\$2,000.00 to \$6,000.00	As Incurred	As Incurred	Suppliers
Insurance (initial premium) (Note 2)	\$2,000.00 to \$3,000.00	As Incurred	As Incurred	Insurance Company
Additional Funds – 3 Months (Note 3)	\$20,000.00 to \$90,000.00	As Incurred	As Incurred	Vendors & Suppliers
<b>Total (Note 4)</b>	<b>\$100,000.00 to \$450,000.00</b> (Does not include real estate costs, if any)			

#### YOUR ESTIMATED INITIAL INVESTMENT – EXISTING OFFICE

Type of Expenditures	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	None			
Signage	\$500.00 to \$9,000.00	As Incurred	Prior to Opening	Suppliers
Initial Inventories (Contact Lenses, Optical Frames & Lenses, Supplies)	\$0.00 to \$12,000.00	As Incurred	As Incurred	Vendors & Affiliates
Legal Fees	\$0.00 to \$5,000.00	As Incurred	As Incurred	Attorneys
Practice Development Expenses	\$0.00 to \$2,500.00	As Incurred	As Incurred	Suppliers
Additional Funds – 3 Months (Note 3)	\$0.00 to \$12,000.00	As Incurred	As Incurred	Employees, Vendors & Suppliers
<b>Total (Note 4)</b>	<b>\$500.00 to \$40,500.00</b> (Does not include real estate costs, if any)			

#### **Notes to both Tables:**

**Note 1: Premises.** You must pay for or provide financing for the leasing or purchase of real property and the construction or conversion of a building. Such variables as property cost, location, cost of construction, and local building codes make it difficult to estimate accurately the rental or purchase cost of real property. Vision Source franchises may have 1,200 to 5,000 or more square feet of leased space.

If the property is owned by a third party and leased, the rent for the first month is estimated to be \$2,500.00 to \$10,000.00 and the security deposit is usually equal to one month's rent. You may also incur site development