

**FRANCHISOR  
SUPPLEMENTAL APPLICATION**



**INSTRUCTIONS FOR COMPLETING APPLICATION:**

1. Please answer all the questions. This information is required to make an underwriting and pricing evaluation. Your answers hereunder are considered legally material to that evaluation.
  2. If a question is not applicable, state "N/A". If more space is required to answer a question, please attach exhibit with the question number.
  3. Application must be signed and dated by authorized person.
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1. Applicant name: \_\_\_\_\_
2. Length of time Applicant has been providing franchising services: \_\_\_\_\_
3. Does the franchisor provide financing to franchisors?
  - a) Operations?  Yes  No
  - b) Acquisitions?  Yes  No
4. What is the total number of units franchised? \_\_\_\_\_
5. How many franchises does the Applicant own? \_\_\_\_\_
6. Does any subsidiary of the Applicant provide services to the franchisees?  Yes  No  
If yes, provide details. \_\_\_\_\_
7. Does the Applicant have a franchise disclosure compliance program?  Yes  No  
If yes, provide details: \_\_\_\_\_
8. Does the Applicant have a franchise disclosure regulation or general compliance officer?  Yes  No  
Please describe such officer's qualifications? \_\_\_\_\_
9. Does the franchisor create or set standards of care, provide quality assurance programs, prescribe standards for delivery of services, offer training programs, provide continuing professional education, offer human resource services?  Yes  No  
Please describe the services offered to franchisors. \_\_\_\_\_  
(Provide complete answer on another sheet of paper, if necessary)
10. Briefly describe the process for selecting and qualifying prospective franchisees.

11. Does the Applicant debrief prospective franchises prior to execution of franchise agreement?  Yes  No

If “yes”, describe the process. \_\_\_\_\_

12. Please answer the following questions relative to documentation you maintain within your due diligence process for each Franchise sold.

	Yes	No	N/A
Date of first contact	[ ]	[ ]	[ ]
Method of first contact	[ ]	[ ]	[ ]
Method by which franchisee learned about franchisor	[ ]	[ ]	[ ]
Franchise applications	[ ]	[ ]	[ ]
Investigative reports or test regarding prospective franchisees	[ ]	[ ]	[ ]
Sales related correspondence, memorandum and notes of conference	[ ]	[ ]	[ ]
Identity and involvement of professional advisor(s) to franchisee	[ ]	[ ]	[ ]
Copies of offering circular(s) and contracts(s) delivered & dates of delivery	[ ]	[ ]	[ ]
Description of any negotiations of the terms of a Franchise agreement	[ ]	[ ]	[ ]
Copies of all executed agreements and riders, addends and exhibits	[ ]	[ ]	[ ]
Properly completed, signed receipts to all offering circulars, contracts and other disclosure materials delivered to franchisees	[ ]	[ ]	[ ]
Consideration and date paid	[ ]	[ ]	[ ]
Date and place(s) training was commenced and completed	[ ]	[ ]	[ ]
Evidence that franchisees successfully completed training	[ ]	[ ]	[ ]
Site selection and the Applicant’s role therein	[ ]	[ ]	[ ]
Construction of the outlet and the Applicant’s role therein	[ ]	[ ]	[ ]
Applicant’s assistance in connection with the opening of the franchisee’s	[ ]	[ ]	[ ]

13. Does the Applicant sell franchises utilizing salespersons who are not employed by the applicant?  Yes  No  
 If yes, please indicate the number of salespersons \_\_\_\_\_

14. Has the Applicant conducted a background check on its current personnel?  Yes  No

15. Does the Applicant have programs for instructing sales personnel on legal restrictions?  Yes  No  
 If yes, briefly explain the procedure: \_\_\_\_\_

16. Describe any established procedures, precautions or safeguards the Applicant has in place with respect to resolving disputes with franchisees: \_\_\_\_\_
17. Provide the name of the law firm(s) (if any) which has assisted or currently assists the Applicant with franchise contracts and/or registration/disclosure matters and/or franchise disputes. \_\_\_\_\_
18. Provide the name and address of the Applicant's current accounting firm.  
\_\_\_\_\_

Please enclose the following:

- Copy of most recent audited annual financial statements or Form 10K or 10Q
- Copy of the franchising offering circular and all exhibits and amendments
- Schedule of all current franchisees listed by state
- Number of terminated franchises within the past 24 months and the reason(s) for termination
- Schedule of franchisees currently in default under their franchise agreements and type of default
- Copy of operating manual and/or similar materials

**I understand the information submitted herein becomes a part of my Professional Liability Insurance Application and is subject to the same warranty and conditions.**

**Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act.**

<b>Signature of Owner, Officer or Partner</b>	<b>Print or Type Name and Title</b>	<b>Date (m-d-y)</b>