

Instructions to the applicant:

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.

1. Applicant: _____

2. Length of time Applicant has been providing franchising services: _____

3. Does the franchisor provide financing to franchisees?

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 Applicant create or set standards of care, provide quality assurance programs, prescribe standards for delivery of services, offer training programs, provide continuing professional education, or offer human resource services?

Yes No

Please describe the services offered to franchisees:
 (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 franchisees 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Method of first contact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Method by which franchisee learned about franchisor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franchise applications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investigate reports or test regarding prospective franchisees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales related correspondence, memorandum and notes of conference	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Identity and involvement of professional advisor(s) to franchisee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Copies of offering circular(s) and contact(s) delivered & dates of delivery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Description of any negotiations of the terms of a franchise agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Copies of all executed agreements and riders, addends and exhibits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Properly completed, signed receipts to all offering circulars, contracts and other disclosure materials delivered to franchisees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consideration and date paid	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Date and place(s) training was commenced and completed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Evidence that franchisees successfully completed training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Site selection and the Applicant's role therein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Construction of the outlet and the Applicant's role therein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Applicant's assistance in connection with the opening of the franchisee's	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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:

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

If additional space is needed, please provide details on a separate attachment.

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.

Print or Type Name and Title

Date (m-d-y)

Signature of Owner, Officer or Partner