



Many states require a review of a franchisor's franchise offering materials prior to offering the sale of a franchise opportunity within the state. These prohibitions apply in the following states: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin. In addition, both Michigan and Oregon require franchisors to register, but do not require the filing and approval of franchise offering materials.

Other states provide an exemption for franchises that comply with the FTC Franchise Rule, and do not require the franchisor to submit documents and seek approval to sell franchises in the state. The exemption is automatic in some states. The following states, however, require a franchisor to file for an exemption and pay a fee: Connecticut, Florida, Kentucky, Maine, Nebraska, North Carolina, South Carolina, Texas, and Utah. (Note: Only franchisors that have obtained registration of the trademarks or service marks for their franchise may file for an exemption in Connecticut, Maine, North Carolina, and South Carolina. Franchisors that have not obtained this registration for their franchise need to register under the business opportunity laws of these states.)

State franchise registrations are generally effective for one year, but states vary on whether the year period is on a calendar basis, from the date of initial registration or a fiscal year.

As many franchisors' fiscal years end on December 31, franchise registration deadlines are fast approaching with renewals to be completed by March 31 or by April 30. Renewal requires applications, accounting information and an updated Franchise Disclosure Document (FDD).

Here is a list of things to consider in preparation for your franchise registration renewal:

1. Review and update your FDD.
2. Gather the information required for the tables in Item 20.
3. Contact your accountant for your audited financial statements.
4. Complete and sign the required application forms.
5. Review and prepare to comply with state franchise renewal application procedures.
6. Certain states prohibit sales in the state when a renewal application is pending. Prepare to sign franchise agreements before filing your renewal application.
7. Review your website for inconsistencies with your FDD.
8. Contact your trademark attorney to make sure filings are current.
9. Make sure your corporate filings are up to date.

The attorneys at McDonald Hopkins are happy to assist with your franchise renewals or other business law needs. For more information, please contact:

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FRANCHISES

We represent manufacturers, distributors, dealers, franchisors, franchisees, licensors, licensees, sales representatives, franchisor and franchisee investors, and franchisee associations in all aspects of franchising. We also assist franchise suppliers, such as banks, insurers, brokers and consultants. When appropriate, we work in close contact with a client's business lawyer as special counsel.