

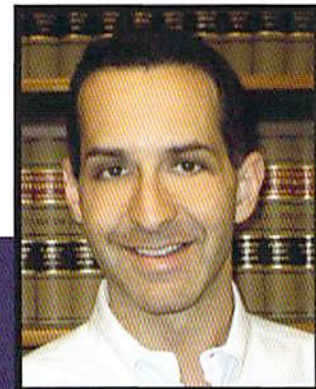
The Franchise As a Business Option

When starting a new business, some individuals wish to start from scratch while others would rather utilize an already established business model that has, theoretically, already experienced financial success such as a franchise. There is no question that franchises have become integrated with American life. In fact, some franchises have become so integrated into American life that they have actually become a part of American culture. Franchises now exist for a wide variety of businesses including dry cleaning, restaurants, auto service, child-care and everything in between. They range from the widely recognized franchises, previously referenced, to the much smaller and less recognized ones. No franchise, though, is exactly alike since they vary widely as to their required fees and prospects for success.

In evaluating whether to become a franchise, the potential franchisee should be aware that the franchisor typically regulates almost every aspect of their franchisee's business. Any given franchisor might require their franchisees to: select particular locations; utilize particular suppliers; sell only approved products or services; utilize certain forms of advertising; and even give remote access to the franchisee's computer system and financial information. Virtually all franchisors will require the payment of many different fees including franchise fees and advertising fees. Finally, virtually all franchisors will require their franchisees to submit monthly reports including financial information. Only the potential business owner that can tolerate this level of regulation should consider a franchise.

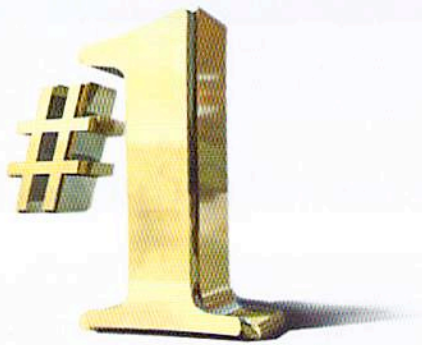
Once the decision has been made to begin a franchise, the first step is to obtain from the potential franchisor a Uniform Offering Circular or (UFOC). While some franchises may call its disclosures something different, all franchisors are required, by Federal and Florida law, to furnish these types of disclosures. If the franchise does not have these types of documents, it should be a warning sign to you. These disclosures are required to be written in "plain English" and should be provided either at the first face-to-face meeting or at least 10 days in advance of the signing of an actual contract or the payment of money, whichever happens first. Some of the disclosures that should be contained in such documents include: background on the franchise; background on the key personnel associated with the franchise; litigations or bankruptcies in which the franchise has been involved; the amount of the initial franchise fee, as well as any other fees such as royalties, advertising fees, training fees, etc.; the obligations of the franchisor and franchisee; any trade-marks or service-marks owned by the franchise; and information relating to the renewal, termination and or transfer of the franchise. Most importantly, the disclosure should contain the franchise agreement and other legal documents utilized by the franchise. All of these disclosures should be reviewed carefully by the potential franchisee and his/her attorney to ensure that the franchise's requirements are agreeable and that the franchise has good prospects for success. In addition, in many instances, the franchisor may be willing to negotiate certain terms of its franchise agreement and other legal documents.

All of this information is a very brief overview of franchise law and any detailed questions should be addressed to your attorney.



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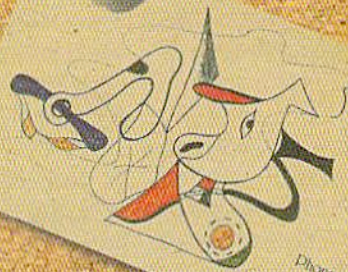
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