

## APPENDIX "C"

### SUMMARY OF BUSINESS OPPORTUNITY LAWS

(Rev. 9/02)

State	Filing Fee	Bond Requirement	Amount of Bond	Escrow Requirement	Comments
Alabama	No filing required	No	Not applicable	No	Seller-Assisted Marketing Plan Act prohibits misrepresentations
California	\$100	See comment	Amount of the "initial payment" section of all seller-assisted marketing plan contracts the seller has entered into during the previous year or \$300,000, whichever is less.	Yes	<p>Bond is required if seller represents that the buyer's initial payment is secured or that the seller provides a buy back arrangement.</p> <p>If the purchase contract provides for the seller to receive more than 20% of the initial payment before delivery of the equipment, supplies, products or services to be furnished under the contract, the remaining 80% must be placed in an escrow account.</p>

State	Filing Fee	Bond Requirement	Amount of Bond	Escrow Requirement	Comments
Connecticut	\$400	See comment	Not less than \$50,000	No	Bond is required if the seller guarantees, either conditionally or unconditionally, that the buyer will derive income from the business opportunity, or that the seller will refund all or part of the price paid for the business opportunity, or repurchase any of the products, equipment, supplies or chattels supplied by the seller, if the buyer is unsatisfied with the business opportunity.
Florida	\$100 (Exemption)	No	Not applicable	No	

State	Filing Fee	Bond Requirement	Amount of Bond	Escrow Requirement	Comments
Georgia	No fee	See comment	Not less than \$75,000	Yes	<p>Bond is required if the seller represents that it will refund all or part of the price paid for the business opportunity or will repurchase any of the products, equipment, supplies, or chattels supplied by the seller if the buyer is dissatisfied with the business opportunity.</p> <p>A seller may not collect more than 15% of the total purchase price, with the balance to be placed in an independent escrow account. The balance in the escrow account shall be paid to the seller 60 days after the date of delivery of the goods.</p>

State	Filing Fee	Bond Requirement	Amount of Bond	Escrow Requirement	Comments
Illinois	\$300	See comment	\$25,000	No	A seller may not guarantee that the buyer will derive income from the business opportunity which exceeds the price paid by the buyer, or represent that it will refund all or part of the price paid to the seller, or repurchase any of the products, equipment or supplies provided by the seller or a person recommended by the seller, if the purchaser is dissatisfied with the business, unless the seller has at all times a minimum net worth of \$25,000 as determined according to GAAP. In lieu of meeting the net worth requirement, the Secretary of State may accept a surety bond in that amount.
Indiana	\$50	Yes	20 times the initial payment required for the business opportunity, but not less than \$75,000.	Yes	The seller also must escrow 80% of the initial payment until delivery of the goods.
Iowa	\$500	See comment	\$25,000	No	Bond required if the seller does not have a \$25,000 minimum net worth as determined according to GAAP.
Kentucky	No fee (Exemption)	No	Not applicable	No	

State	Filing Fee	Bond Requirement	Amount of Bond	Escrow Requirement	Comments
Louisiana	None	Yes	\$50,000	No	
Maine	\$25	Yes	Not less than \$30,000	No	
Maryland	\$250	Yes	At least \$50,000	No	Bond is required if the seller guarantees that a buyer will derive from a business opportunity income that will exceed the price paid for the business opportunity or represents that the seller will refund all or part of the price paid or repurchase the products, equipment, or supplies sold or leased by the seller if the buyer is not satisfied with the business opportunity.
Michigan	No fee	No	Not applicable	No	
Minnesota	\$400	No	Discretionary	Discretionary	If the commissioner finds that the seller has failed to demonstrate that adequate financial arrangements have been made to fulfill pre-opening obligations, the commissioner may require the escrow or impoundment of franchise fees until no later than the time of opening.

State	Filing Fee	Bond Requirement	Amount of Bond	Escrow Requirement	Comments
Nebraska	\$100	See comment	Total amount of all fees paid to the seller during the previous 12 months or \$300,000, whichever is less	See comment	A seller may not use the phrase buy-back or secured investment or similar phrase orally or in writing when soliciting or offer a business opportunity unless a bond is obtained. In lieu of a bond, the seller may establish an escrow account.
New Hampshire	See comment	See comment	Not applicable	No	New Hampshire Distributorship Disclosure Act applies only to business opportunities in which the purchaser is required to buy goods, inventory or merchandise for resale.
North Carolina	\$10	Yes	Not less than \$50,000	No	Bond is required if the seller guarantees that the purchaser will derive income from the business opportunity which exceeds the price paid for the business opportunity; or that the seller will refund all or part of the price paid for the business opportunity, or repurchase any of the products, equipment, supplies or chattels supplied by the seller, if the purchase is unsatisfied with the business opportunity.

State	Filing Fee	Bond Requirement	Amount of Bond	Escrow Requirement	Comments
Ohio	None	Yes	Not less than \$50,000 for the first 6 months; by the 10th day of the 7th month, the bond must be adjusted to the amount paid during the previous 6 months.	No	Bond is required if the seller represents that a purchaser's initial payment or promissory note is secured in any manner or that the seller provides a buy-back arrangement.
Oklahoma	\$250	No	Not applicable	No	A seller may not guarantee that the purchaser will derive income from the business opportunity which exceeds the price paid to the seller or represent that it will refund all or part of the price paid to the seller, or repurchase any of the products, equipment or supplies provided by the seller or a person recommended by the seller, if the purchaser is dissatisfied with the business, unless it has at all times a minimum net worth of \$50,000, as determined according to GAAP.

State	Filing Fee	Bond Requirement	Amount of Bond	Escrow Requirement	Comments
South Carolina	\$100	Yes	Not less than \$50,000	No	Bond is required if the seller guarantees that the purchaser will derive income from the business opportunity which exceeds the price paid for the business opportunity; or represents that he will refund all or part of the price paid for the business opportunity, or repurchase any of the products, equipment, supplies or chattels supplied by the seller, if the purchaser is unsatisfied with the business opportunity.
South Dakota	\$100	See comment	\$25,000	No	A seller may not guarantee that the purchaser shall derive income from the business opportunity which exceeds the price paid to the seller or represent that it will refund all or part of the price paid to the seller, or repurchase any of the products, equipment or supplies provided by the seller, if the purchaser is dissatisfied with the business unless the seller has at all times a minimum net worth of \$25,000 as determined according to GAAP. In lieu of meeting the net worth requirement, the director of the division of securities may accept a surety bond in that amount.

State	Filing Fee	Bond Requirement	Amount of Bond	Escrow Requirement	Comments
Texas	\$195	Yes	Not less than \$25,000	No	Bond is required if the seller represents that the purchaser will earn or is likely to earn a profit in excess of the initial consideration paid by the purchaser, or otherwise represents that the buyer is assured of making a profit from a business opportunity.
Utah	None	No	Not applicable	No	

State	Filing Fee	Bond Requirement	Amount of Bond	Escrow Requirement	Comments
Virginia	None	Yes	Not less than \$50,000	No	Bond is required if the seller represents (1) that it will provide locations or assist the purchaser in finding locations for the use or operation of vending machines, racks, display cases or other similar devices, or currency-operated amusement machines or devices, on premises neither owned nor leased by the purchaser or seller; or (2) that it will purchase any or all products made, produced, fabricated, grown, bred or modified by the purchaser using in whole or in part the supplies, services or chattels sold by the seller to the purchaser; or (3) guarantees that the purchaser will derive income from the business opportunity which exceeds the price paid for the business opportunity, or that the seller will refund all or part of the price paid for the business opportunity, or repurchase any of the products, equipment, supplies or chattels supplied by the seller, if the purchaser is not satisfied with the business opportunity; or (4) represents that the seller will provide a sales program or marketing program which will enable the purchaser to derive income from the business opportunity which exceeds the price paid for the business opportunity.

State	Filing Fee	Bond Requirement	Amount of Bond	Escrow Requirement	Comments
Washington	\$200	Yes	At least \$50,000	No	Bond is required if the seller guarantees that the purchase will earn an income greater than or equal to the price paid for the business opportunity.