

FRANCHISE INVESTMENT LAW (EXCERPT)
Act 269 of 1974

445.1512 Escrow of initial investment and other funds; time; surety bond; financial institution as escrow agent; release of escrowed funds; affidavit.

Sec. 12.

(1) A franchisor whose most recent financial statements are unaudited and which show a net worth of less than \$100,000.00 shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

(2) The escrow agent shall be a financial institution authorized to do business in this state. The escrow agent may release to the franchisor those amounts of the escrowed funds applicable to a specific franchisee or subfranchisor upon presentation of an affidavit executed by the franchisee and an affidavit executed by the franchisor stating that the franchisor has fulfilled its obligation to provide real estate, improvements, equipment, inventory, training, or other items. This subsection does not prohibit a partial release of escrowed funds upon receipt of affidavits of partial fulfillment of the franchisor's obligation.

History: 1974, Act 269, Eff. Oct. 15, 1974 ;-- Am. 1984, Act 92, Eff. June 20, 1984