

# LEGAL READINESS CHECKLIST FOR ASPIRING FRANCHISE OWNERS

## FRANCHISE CONNECT LIVE - VIP RESOURCE

Before you say “yes” to any franchise opportunity, make sure you’re legally prepared to protect yourself, your investment, and your future. This checklist will help you get organized and know what to ask your legal advisor.



### 1. PERSONAL & BUSINESS ENTITY PREP

- ☐ I’ve chosen how I will own the franchise (LLC, S-Corp, etc.)
- ☐ I’ve confirmed my entity is registered in my state
- ☐ I have (or will have) a business bank account and EIN
- ☐ I understand how to separate personal vs business liability



### 2. FRANCHISE DISCLOSURE DOCUMENT (FDD)

- ☐ I’ve received the FDD and noted the 14-day review period
- ☐ I understand the 23 items included in the FDD (especially Items 5–7: Fees, and Item 19: Financial Performance)
- ☐ I’m working with a franchise attorney to review the FDD
- ☐ I’ve asked for clarification on earnings, territory, and exit clauses
- ☐ I know what support, training, and obligations are required



### 3. FRANCHISE AGREEMENT

- ☐ I’ve read (or will review) the Franchise Agreement in full
- ☐ I understand the term length, renewal terms, and termination conditions
- ☐ I’ve noted the non-compete clauses and their limitations
- ☐ I know what happens if I want to sell or exit the franchise

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## 4. FINANCIAL & CONTRACTUAL READINESS

- ☐ I've verified my startup capital and ongoing financial obligations
- ☐ I've reviewed loan or funding documents with a legal advisor
- ☐ I've checked for any personal guarantees in the contract
- ☐ I know if I'm responsible for a physical lease and the terms



## 5. COMPLIANCE & OPERATIONAL LICENSING

- ☐ I know what business licenses or permits are required in my location
- ☐ I understand industry-specific regulations for this franchise
- ☐ I've checked zoning requirements (if location-based)



## 6. TEAM & EMPLOYMENT LEGAL CONSIDERATIONS

- ☐ I know if I'll be hiring employees or using contractors
- ☐ I understand wage laws, HR compliance, and insurance needs
- ☐ I've spoken with an attorney or HR pro about onboarding staff

**PRO TIP:** A *FRANCHISE ATTORNEY IS NOT THE SAME AS A GENERAL BUSINESS ATTORNEY. LOOK FOR ONE WITH EXPERIENCE REVIEWING FDDS AND FRANCHISE AGREEMENTS.*