

## Top 10 Filing Errors that Result in Incomplete Franchise Applications

The importance of filing a complete franchise application or renewal cannot be understated. It streamlines a successful review of the renewal application and prevents a backlog of applications.

As of November 1, 2021, the Department of Financial Protection and Innovation (the Department) requires that all franchise applications be filed electronically through [DocQNet](#). Please remember to allot sufficient time to create an account on the portal.

To ensure that applicants have no delays in the application process or incur any additional costs, the following items must be submitted to the Department by the submission deadline:

1. Filing Fee - see [Corporations Code section 31500](#) [[Filing Fee](#)]
2. [Franchise Disclosure Document \(FDD\)](#) [[FDD](#)] – complete a clean and marked copy as applicable under [Rule 310.122.1](#) [[FDD](#)]
3. Required Document Attachments - see [Corporations Code sections 31116 and 31121](#) [[Required Documents](#)]

Once the application is filed, an examiner in the Department performs an initial review of the application to ensure that all required documents and fees have been submitted. When an error is detected by the examiner, the application is marked incomplete.

The top 10 most common filing errors associated with incomplete franchise applications are:

1. Auditor's Consent is missing
2. Customer Authorization is missing or deficient
3. Clean or marked copy of the Franchise Disclosure Document is missing
4. Certification Page is missing or deficient
5. Corporate Acknowledgement is missing or deficient
6. Financial Statements are missing
7. Balance due on the filing fee
8. Internet Ad Exemption Form missing or deficient
9. Supplement Information Page or Cost and Source of Funds Form missing or deficient
10. Application Facing Page missing or deficient

## Resolving Incomplete Applications

When an application is determined incomplete, the Department issues a letter from the examiner requesting that the applicant file the missing fee or documents. The letter also serves to remind the applicant that if the documents are not received within a reasonable amount of time, the application may be abandoned in accordance with [Rule 250.16](#) [[Comment Letter](#)].

Applicants with incomplete applications are strongly encouraged to expedite submission of all the requisite documents and fees as any delays in these submissions will also delay the review of the application.

Incomplete applications are held in [DocQNet](#) while the Department is awaiting the requested documents or adequate fee to be submitted. Because these applications are flagged as incomplete, the examiner is unable to forward the application to one of the attorneys in the Department who is ultimately responsible for conducting the substantive review of the application and issuing the order once the application complies with the [Franchise Investment Law](#) (FIL).

**ATTENTION:** Any renewal application that is marked incomplete will be subject to the filing fee for initial applications, for example \$675 instead of \$450, if the deficiency is not resolved by the expiration of the previous registration.

When an application is determined to be complete and all the Department's comments have been resolved, it will become automatically effective on the 30th business day thereafter - see [Corporations Code section 31121\(a\)](#) [[Automatic Effectiveness](#)].

For more information or assistance with your application, contact the DFPI Securities Regulation Division at [SRD\\_support@dfpi.ca.gov](mailto:SRD_support@dfpi.ca.gov).