

RED LINE COPY

SUNBELT BUSINESS ADVISORS NETWORK, LLC

ISSUANCE DATE: ~~JUNE 16, 2003~~ MARCH 29, 2004

~~AS AMENDED JULY 31, 2003~~

**INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY FEDERAL TRADE COMMISSION**



* * * * *

TO PROTECT YOU, WE HAVE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVE NOT CHECKED IT, AND DO NOT KNOW IF IT IS CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DO NOT RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT HAS BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580



Franchise Offering Circular

Sunbelt Business Advisors Network, LLC
a Delaware Limited Liability Company
474 Wando Park Boulevard, Suite 204
Mt. Pleasant, South Carolina 29464
(843) 853-4781
www.sunbeltnetwork.com

The licensee will broker the sale of privately owned businesses under the name "Sunbelt."

The initial license fee ranges from \$15,000 to \$25,000, depending upon the population of the territory granted to the licensee. The estimated initial investment required ranges from \$51,300 to ~~\$100,000-102,500~~.

1. THE LICENSE AGREEMENT PERMITS THE LICENSEE TO ARBITRATE OR SUE THE LICENSOR ONLY IN THE CITY CLOSEST TO THE CITY WHERE THE LICENSOR'S HEADQUARTERS IS LOCATED (CURRENTLY MT. PLEASANT, SOUTH CAROLINA). OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH THE LICENSOR IN THE CITY CLOSEST TO THE CITY WHERE ITS HEADQUARTERS IS LOCATED THAN IN YOUR HOME STATE.
2. THE LICENSE AGREEMENT STATES THAT THE LAW OF THE STATE WHERE THE LICENSOR'S HEADQUARTERS IS LOCATED GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. (CURRENTLY, SOUTH CAROLINA) LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. SOME STATE FRANCHISE LAWS PROVIDE THAT CHOICE OF LAW AND CONSENT TO JURISDICTION PROVISIONS ARE VOID OR SUPERSEDED. YOU MAY WANT TO INVESTIGATE WHETHER YOU ARE PROTECTED BY A STATE FRANCHISE LAW. YOU SHOULD REVIEW ANY ADDENDA OR RIDERS INCLUDED IN EXHIBIT F FOR DISCLOSURES REGARDING STATE FRANCHISE LAWS.
4. THE LICENSOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE OCTOBER 28, 2002. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.
5. ~~3-~~THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information about comparisons of franchisors is available. Call the state administrators listed in Exhibit D or your public library for sources of information.

Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in this offering circular is untrue, contact the Federal Trade Commission and the applicable state administrator as listed in Exhibit D.

The effective dates (if any) of this offering circular in the states with franchise registration laws are in Exhibit D.

**FOR TRANSACTIONS REGULATED BY THE MICHIGAN FRANCHISE
INVESTMENT LAW ONLY**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee 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.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

Note: Despite paragraph (f) above, we intend and we and you agree to fully enforce the arbitration provisions of the License Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1 THE LICENSOR, ITS PREDECESSORS AND AFFILIATES	1
2 BUSINESS EXPERIENCE	2
3 LITIGATION.....	3
4 BANKRUPTCY	4
5 INITIAL LICENSE FEE	<u>45</u>
6 OTHER FEES	<u>45</u>
7 INITIAL INVESTMENT	<u>56</u>
8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	7
9 LICENSEE'S OBLIGATIONS	<u>78</u>
10 FINANCING.....	<u>910</u>
11 LICENSOR'S OBLIGATIONS	<u>910</u>
12 TERRITORY	<u>1214</u>
13 TRADEMARKS	<u>1415</u>
14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	<u>1416</u>
15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE LICENSED BUSINESS	<u>1516</u>
16 RESTRICTIONS ON WHAT THE LICENSEE MAY SELL	<u>1517</u>
17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	<u>1617</u>
18 PUBLIC FIGURES.....	<u>1819</u>
19 EARNINGS CLAIMS REPRESENTATIONS REGARDING EARNINGS CAPABILITY	<u>1819</u>
20 LIST OF OUTLETS	<u>1820</u>
21 FINANCIAL STATEMENTS	<u>2024</u>

22 CONTRACTS.....2024
23 RECEIPT2124

EXHIBITS

- A License Agreement
- B Financial Statements
- C Tables of Contents for Sunbelt Publications
- D List of State Administrators/Agents for Service of Process/State Effective Dates
- E Names, Addresses and Phone Numbers of Licensees
- E-1 List of Former Licensees
- F State-Specific Additional Disclosures and Riders
- G General Release

APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT F.

Item 1

THE LICENSOR, ITS PREDECESSORS AND AFFILIATES

Throughout this offering circular, "Sunbelt" means Sunbelt Business Advisors Network, LLC, the licensor. "You" means the person who buys the license and includes the owners of any corporation, partnership or limited liability company that buys the license.

Sunbelt is a Delaware limited liability company that was formed on October 28, 2002. Sunbelt does business as Sunbelt Business Brokers. Our principal business address is 474 Wando Park Boulevard, Suite 204, Mt. Pleasant, South Carolina 29464. Our agents for service or process are listed in Exhibit D.

Sunbelt does not engage in the business brokerage business. Sunbelt licenses the right to use the Sunbelt name, logo, computer programs and business methods in the business brokerage business. You will engage in the business of business brokerage; which includes listing privately held businesses for sale, finding buyers for the listed businesses, assisting in negotiating the terms and conditions for the sale of the business, assisting in consummating the sale of the business, mergers and acquisitions, business valuations and the sale of franchises (the "Services"). Generally, business brokers list businesses for sale which have annual sales ranging from \$50,000 to \$20,000,000. Approximately 80% of the buyers that the business broker works with are first time business buyers. Many of these buyers are people who have lost their jobs due to reduction in work force or other similar situations. The remaining 20% of the buyers are previous business owners who are buying an additional business, or who have sold a business and are desirous of buying a business in a different field. There are many business brokerage firms in operation and any particular market may have numerous competing firms. There are other national business brokerage firms and they may be in direct competition with you.

There are numerous advantages to being part of a network of business brokerage offices (as opposed to being a non-network business brokerage office). The network advantages include name recognition, access to the network's multiple listing system (a sharing of listings and buyers), use of the network's computerized office management system, availability of continuing training programs, comprehensive operating manuals and guide books, and the ability to work with a cohesive group of offices who share a common operating methodology and training background.

There are no federal government regulations specific to business brokerage. Certain states require that you have a real estate license or be registered with the state to engage in business brokerage.

In March 1993, Sunbelt Business Brokers Network, Inc., Sunbelt's immediate predecessor, was formed to franchise the business brokerage business throughout the USA. Sunbelt purchased the assets of Sunbelt Business Brokers Network, Inc. on August 31, 2002. Except as noted above, Sunbelt has no predecessors or affiliates. The principal business address for Sunbelt Business Brokers Network, Inc. is 2 Amherst Street, Charleston, South Carolina 29406.

Sunbelt Business Brokers Network, Inc. entered into one hundred eighty (180) license agreements with others to use the Sunbelt name, logo, and business methods in the business brokerage business; these one hundred eighty (180) license agreements have been transferred to Sunbelt. Sunbelt Business Brokers Network, Inc. is not licensed or authorized to issue any additional licenses.

Sunbelt and its predecessor do not, and have not, engaged in any other line of business other than licensing business brokerage offices.

Item 2

BUSINESS EXPERIENCE

President and Chairman: Edward T. Pendarvis

Mr. Pendarvis has been President and Chairman of Sunbelt since its formation in October, 2002. He also was President and Chairman of Sunbelt Business Brokers Network, Inc. from 1982 to 2002.

Chief Operating Officer: William H. Davoli

Mr. Davoli has been the Chief Operating Officer of Sunbelt since our formation. He has been Managing Director of Sunbelt Business Advisors of Charleston, LLC of Charleston, South Carolina since February, 2001. He also has been President of Citadel Management, Inc. in Sarasota, Florida since 1998, and Chief Executive Officer of Horticultural Industries, Inc. located in Samsón, Florida from 1987 to 1998.

1st Vice Chairman: Carl E. Grimes

Mr. Grimes has been 1st Vice Chairman of Sunbelt since our formation. He has been President of Sunbelt Business Advisors of the Ozarks located in Fayetteville, Arkansas since 1995.

2nd Vice Chairman: Daniel Elliott

Mr. Elliott has been 2nd Vice Chairman of Sunbelt since our formation. He has been President of The Elliott Group, Inc., in Houston, Texas since 1997, and Managing Director of Sunbelt Corporate Advisors in Houston, Texas since 1993.

Secretary: Deborah Moore

Ms. Moore has been Secretary of Sunbelt since our formation. She also has been President of DM Enterprises Inc. in Reading, Pennsylvania since 1996.

Assistant Secretary: Steven Rosen

Mr. Rosen has been Assistant Secretary of Sunbelt since March, 2003 and was Secretary from December, 2002 until March, 2003. He also has been President and Assistant Secretary of Sunbelt Business Brokers of Pennsylvania Inc. located in Reading, Pennsylvania since 1997.

Treasurer: Ronald Hottes

Mr. Hottes has been Treasurer of Sunbelt since our formation. He has been President of Sunbelt Business Brokers of Southern Cal. with offices in Torrance, Fullerton and West Los Angeles, California 1997.

Assistant Treasurer: Daniel Pedersen

Mr. Pedersen has been Assistant Treasurer of Sunbelt since our formation. He has been President of Sunbelt Kansas City in Kansas City, Missouri since 1998.

Member at Large: Scott Evert

Mr. Evert has been a Member at Large of Sunbelt since our formation. He also has been Region Manager and President of Sunbelt of Minnesota with offices in Minnesota and Chicago, Illinois since 2000. He was Senior Vice President of Major Video Concepts in Indianapolis, Indiana from 1991 to 2000.

Item 3

LITIGATION

Landcare USA vs. William Davoli, U.S. District Court for the Middle District of Florida, Case #99-CV-742. In 1999 Mr. Davoli, our Chief Operating Officer, was named as a defendant in an action in which the Plaintiff, the acquirer of a business owned by Mr. Davoli, alleged that he had fraudulently submitted financial results which caused the price paid for the business to be higher than justified. On December 18, 2000 the case was settled and dismissed without prejudice without Mr. Davoli being required to make any payment.

New Age Beverage Inc. vs. The Elliott Corporation, 284th District Court of Montgomery County, Texas Case # 03-02-01127-CV. In ~~march~~March of 2002, ~~Elliott~~Elliott Corporation, a corporation in which Daniel Elliott, a director and second vice Chairman of the Company, is sole shareholder and President, was named as a defendant in an action alleging, inter alia, fraud in the sale of a business in which Elliott Corporation acted as a broker. Elliott Corporation has denied the allegations and the case is still pending.

J& H Copy, Inc. vs. Sunbelt Business Brokers of Southern California, Superior Court of California, County of Orange, Case # 02CC01955. In January, 2002, Sunbelt Business Brokers of Southern California, a corporation in which Ronald Hottes, the Treasurer and a Director of the

Company is President, was named as a defendant in an action arising out of the sale of a business. The plaintiff alleges neglect of duty of care and fraud, indicating that the defendant presented an unqualified buyer for its business and as a result the plaintiff suffered a financial loss when it was unable to collect on a Note issued by the buyer in the transaction. The allegations have been denied and the case is still pending.

Frederick O. Robbins v. Sunbelt Business Brokers Network, Inc., Bissell Brokers, Inc., Bissell Brokers Orange County, Inc., Sunbelt Business Brokers of Southern California, Ronald Hottes, et al, Superior Court of the State of California, Orange County, Case # 03CC09526. In July 2003, the plaintiff, a seller of a business, alleged that the defendants failed to disclose certain information about the buyer. The defendants have filed multiple demurrers and motions to strike, which have been granted by the court. The defendants have filed an answer and the case is otherwise in the pre-trial stages.

Michael and Sarah Levai v. Ronald Hottes, David Silber, Kenneth Mitan, Sunbelt Business Brokers Network, Inc., Sunbelt Business Brokers of Southern California, et al, Case No. YC048031, Superior Court of the State of California, Los Angeles County, Southwest District. This case was filed in November, 2003 by the plaintiffs relating to the sale of the plaintiffs' business. The plaintiffs allege that the defendants intentionally and negligently misrepresented facts relating to the purchasers' financial condition and also alleged breach of contract, unfair business practices, breach of fiduciary duty, breach of covenant of good faith and fair dealing and conspiracy and seek unspecified damages. The defendants have denied the allegations and the case is in the pre-trial stages.

In September of 2003, the State of Illinois determined that our predecessor, Sunbelt Business Brokers Network, Inc. had engaged in certain unregistered offers and sales of licenses in violation of the Illinois Franchise Disclosure Act of 1987 ("IFDA"). The State of Illinois required Sunbelt Business Brokers Network, Inc. to send notices of violation to certain licensees in Illinois and to pay a fine with respect to these violations.

Except for the ~~three cases~~ six matters described above, no litigation is required to be disclosed in this offering circular.

Item 4

BANKRUPTCY

No person previously identified in Items 1 or 2 of this offering circular has been involved has been involved as a debtor in proceedings under the U.S. Bankruptcy Code (or comparable foreign law) required to be disclosed in this Item.

Item 5

INITIAL LICENSE FEE

You must pay an initial license fee ranging from \$15,000 to \$25,000. License fees are nonrefundable. The initial license fee will be \$15,000 if the population in your territory is 150,000 or less than 250,000. Your initial license fee will increase by \$5,000 for every additional 100,000 of population, up to a maximum of 350,00 persons to \$20,000 if the population in your territory is between 250,000 and 350,000 and \$25,000 if the population in your territory is over 350,000.

You pay the initial license fee in a lump sum when you sign the license agreement, which defines your territory. The initial license fee is fully earned by Sunbelt when paid and is not refundable under any circumstances. You do not sign the license agreement and pay the initial license fee until you have attended basic business brokerage training (see Item 11). All of the manuals, guides and computer software detailed in Item 11 of this offering circular will be given to you when you sign the license agreement.

Item 6

OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Ongoing Monthly Fee	\$500 - \$700	First day of each month <u>Fees are owed beginning four (4) months the third (3rd) month after signing License Agreement</u>	The exact amount depends upon the population in the Territory.
Transfer	50% of the then current license fee (but no less than \$5,000)	Upon transfer	
Monthly Advertising Fee	20% of the ongoing Monthly fee	Monthly	Paid to an advertising fund.
Errors and Omissions Insurance	\$1,000 <u>2,500</u> - \$2,000 <u>7,500</u> per year	As Incurred	Payable to us only in the event we obtain group coverage
<u>Renewal Fee</u>	<u>\$500</u>	<u>Upon execution of successor license agreement</u>	

There are no other recurring or isolated fees required to be paid by you to Sunbelt or persons affiliated with Sunbelt.

Except as noted, all fees are imposed by and are payable to Sunbelt. All fees are non-refundable.

We may offer additional services to you on an optional basis. If you use any such services, you shall pay for such services within 10 days of payment due date.

Note:

(1) The ongoing amount of the Monthly Fee will depend on the population of your Territory as follows:

- Less than 250,000 - \$500
- 250,000 but less than 350,000 - \$600
- 350,000 or greater - \$700

Item 7

INITIAL INVESTMENT

ITEM	RANGE	METHOD OF PAYMENT	WHEN DUE	WHETHER REFUNDABLE	TO WHOM PAID
INITIAL LICENSE FEE	\$15,000 to \$25,000 (Note 1)	Lump Sum	At Signing of License Agreement	No	Sunbelt
TRAVEL AND LIVING EXPENSES WHILE TRAINING	\$100 to \$1,500	As Incurred	During Training	No	Airlines, Hotels & Restaurants
BUSINESS OFFICE AND IMPROVEMENT	\$1,500 to \$3,000 (Note 2)	Lump Sum	Prior to Opening	No	Landlord
OFFICE EQUIPMENT AND FURNISHINGS	\$2,000 to \$20,000 (Note 3)	Lump Sum (Note 3)	Prior to Opening	No	Vendors
STATIONERY AND FORMS	\$200 to \$500	Lump Sum	Prior to Opening	No	Vendors
MISC. OPENING COSTS	\$2,500 to \$5,000 7,500 (Note 4)	As Incurred	As Incurred	No	Vendors
ADDITIONAL FUNDS FOR 3 MONTHS	\$15,000 to \$45,000 (Note 5)	As Incurred	As Incurred	No	Vendors

ITEM	RANGE	METHOD OF PAYMENT	WHEN DUE	WHETHER REFUNDABLE	TO WHOM PAID
TOTAL	\$51,300 to \$100,000 10 2,500 (Note 6)				

None of the above fees and costs are refundable.

Notes:

- (1) See Item 5 for details on how the amount of this fee is determined. Sunbelt does not finance any fee.
- (2) Sunbelt anticipates that many of its licensees will have existing business offices. If you do not have a business office, you will have to lease one. We recommend that you start in an "executive office" which provides, for a fee, fully equipped office space and access to certain office equipment (copiers, fax machines, etc.). If "executive office" space is not available, you will have to lease office space. A typical Sunbelt office is located in a first class office building and contains from 700 to 1,200 square feet. Typically, there is an entrance lobby, an office for you, a conference room, and a large office which houses all of the brokers who will work with you. Sunbelt estimates that it will cost you up to \$1,500 for a security deposit on suitable office space.
- (3) If you do not have an existing office with standard office equipment, you will have to acquire the necessary equipment. You will need a phone system, office furnishings, a copier, a fax machine and a computer system.
- (4) Includes incorporation costs, business licenses and insurance. The Licensor requires you to carry comprehensive general liability insurance in the minimum amount of \$1,000,000, property damage insurance in the minimum amount of \$500,000, and errors and omissions insurance in the amount of \$1,000,000. The Licensor is to be named as additional insured on these policies.
- (5) These estimates are based on 9 years of experience of Sunbelt and its predecessor in the business brokerage business and on the actual results of our existing licensees. You should review these figures carefully and, if you feel the need, discuss them with your business advisor, before you make any decision to purchase the license.
- (6) Sunbelt does not offer direct or indirect financing to licensees for any items.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Sunbelt has no required specifications, designated suppliers, or approved suppliers for goods, services or real estate relating to your licensed business. Sunbelt will not derive revenue from your purchases or leases.

You are not required to do so, but if you wish to use the Sunbelt Office Management and Networking software, you will have to have an IBM compatible computer with at least a Pentium processor, 128 MB RAM, a 56K Baud Hayes-compatible modem and use the Windows Operating System®, version 98 or higher, and a compatible printer.

If you decide to use the Sunbelt software and you purchase the necessary computer system, such expense (approximately \$2,000) would represent from 4% to 24% of all required costs incurred to start your licensed business. If you do use the software, in the event the software is modified and the minimum computer requirements change, you would have to update your computer hardware to use the modified software. Software modifications requiring computer upgrades will not occur more than once every two years and would require upgrade costs not to exceed \$1,000.

Neither Sunbelt nor persons affiliated with Sunbelt are currently approved suppliers for any goods, services or real estate relating to your licensed business. There are currently no purchasing or distribution cooperatives. Sunbelt currently does not negotiate purchase arrangements with suppliers (including price terms) for licensees. Sunbelt does not provide material benefits to a licensee for using designated or approved sources.

Item 9

LICENSEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE LICENSE AGREEMENT. IT WILL HELP YOU FIND-MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THE LICENSE AGREEMENT AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

	Obligation	Section in Agreement	Item In Offering Circular
a.	Site selection and acquisition/lease	None	Item 8
b.	Pre-opening purchases/leases	None	Item 8

	Obligation	Section in Agreement	Item In Offering Circular
c.	Site development and other pre-opening requirements	Section 2D of the License Agreement	None
d.	Initial and ongoing training	Section 4 of the License Agreement	Item 11
e.	Opening	None	None
f.	Fees	Section 9 of the License Agreement	Items 5 and 6
g.	Compliance with standards and policies/Operating Manual	Sections 5 and 10 of the License Agreement	Item 11
h.	Trademarks and proprietary information	Section 6 of the License Agreement	Items 13 and 14
i.	Restrictions on products/ services offered	None	Item 16
j.	Warranty and customer service requirements	None	Item 11
k.	Territorial development and sales quotas	None	None
l.	Ongoing product/service purchases	None	Item 8
m.	Maintenance, appearance and remodeling requirements	None	None
n.	Insurance	Section 10 of the License Agreement	Item 7
o.	Advertising	Section 11 of the License Agreement	None
p.	Indemnification	Section 7 of the License Agreement	None
q.	Owner's participation/ management/staffing	Section 8 of the License Agreement	Items 11 and 15
r.	Records/reports	Section 12 of the License Agreement	None
s.	Inspections/audits	None	Item 11
t.	Transfer	Section 13 of the License Agreement	Items 6 and 17
u.	Renewal	Section 16 of the License Agreement	Item 17

	Obligation	Section in Agreement	Item In Offering Circular
v.	Post-termination obligations	Section 15 of the License Agreement	Item 17
w.	Non-competition	Section 15 of the License Agreement	Item 17
x.	Dispute resolution	Section 17 of the License Agreement	Item 17

Item 10

FINANCING

Sunbelt does not offer direct or indirect financing. Sunbelt does not guarantee your note, lease or obligation.

Item 11

LICENSOR'S OBLIGATIONS

Except as listed below, Sunbelt need not provide any assistance to you.

Before you open your business, Sunbelt will:

- 1) Designate your exclusive territory (License Agreement, Section 2A).
- 2) Provide telephonic assistance in helping you locate a business office. You are not required to obtain Sunbelt's approval for your business location, but you are not permitted to use a post office box or virtual office (License Agreement, Section 2D).
- 3) Train you in basic business brokerage as detailed in the training chart below (License Agreement, Section 4).

Sunbelt does not charge for this training or service, but you must pay your travel and living expenses. Training occurs at one of our regional offices according to the training schedule which is published at least every three months. The locations of the regional training sites are listed Exhibit F. You must complete the initial training program to Sunbelt's satisfaction. (License Agreement, Section 4).

- 4) Loan you a copy of each of the following Sunbelt publications which contain suggested specifications, standards and procedures. ~~These publications~~ general operating procedures

(the "Operations Manuals"). The Operations Manuals are confidential and remain our property. Sunbelt will modify ~~these publications~~the Operations Manuals, but the modifications will not alter your status and rights under the License Agreement. (License Agreement, Section 5). The tables of contents for ~~these publications~~the Operations Manuals are included in Exhibit C.

- 5) Provide you with an initial supply of the Sunbelt business forms described in the manuals listed in 4 above. This does not include your stationary or business cards. There is no charge for this initial supply of forms.
- 6) Provide you with a Login Name and Password to access the Sunbelt Office Management and Networking System. This system will assist you to input and manage listings, monitor broker activity, develop a floor schedule, allow other offices to have access to your listings, provide amortization calculations, function as a bulletin board and manage internet inquiries. This software is confidential and remains our property. Sunbelt will maintain and may modify the software. Any modifications will be at no cost to you. To use this software, you must have a computer that meets the following minimum requirements:
 - IBM compatible
 - Pentium processor
 - 128 MB RAM
 - 56K Baud Hayes-compatible modem
 - Windows Operating System® (version 98 or higher)
 - Compatible printer

You are not required to use the Sunbelt software. If you do use the software, in the event the software is modified and the minimum computer requirements change, you would have to update your computer hardware to use the modified software. Software modifications requiring computer hardware upgrades will not occur more than once every two years and would require upgrade costs not to exceed \$1,000.

Sunbelt will have independent access to all of the information and data collected by the users of the Sunbelt computer software.

After you open for business and during the operation of your business, Sunbelt will:

Provide new broker training sessions, as detailed in the chart below, in our Charleston, South Carolina or at one of our designated regional training sites at least once every three weeks. A schedule of new broker training sessions will be published at least every three months. You may send as many brokers to as many of the training sessions as you wish, at no additional cost to you. You or your brokers must pay all travel costs associated with their attendance at the training sessions. (License Agreement, Section 4).

Provide continuing broker training sessions, as detailed in the chart below, in Charleston, South Carolina or at one of our designated regional training sites at least once every quarter. A schedule of continuing training sessions will be published at least every three months. You may send as many brokers to as many of the training sessions as you wish, at no additional cost to you. You or your brokers must pay all travel costs associated with their attendance at the training sessions. (License Agreement, Section 4).

TRAINING CHART

SUBJECT	TIME BEGUN	INSTRUCTION MATERIAL	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	INSTRUCTOR
Basic Business Brokerage	Morning	Manual	16	0	Ed Pendarvis or designee
Continuing Business Brokerage (Optional)	Morning	None	6	0	Ed Pendarvis or designee
Franchise Sales Training (Optional)	Morning	Manual	6	0	Tom Miller and Associates

You and every broker you hire are required to attend Basic Business Brokerage training within 90 days after the opening of your business. Continuing training is optional but is recommended to be taken within 6 months after the opening of your business.

Mr. Pendarvis will supervise all of the training and has been a business broker since 1981 and has been involved in brokering over 400 business sales. See Item 2 for Mr. Pendarvis' background and experience. Tom Miller of Tom Miller and Associates has had 12 years of experience in franchise sales. Tom Miller and Associates is based in Phoenix, Arizona.

Sunbelt will also be available by telephone to provide assistance to you. Each week for the first 90 days after you open your office, Sunbelt will insure that we have spoken to you by phone to discuss your progress and your problems.

Sunbelt will hold an annual meeting and educational conference for all licensees. Educational programs will be geared to topical matters with emphasis on running a successful office. There will be a nominal charge for the annual meeting to partially offset the cost. You are responsible for all of your travel and living expenses. The annual meeting is held in Charleston, South Carolina, or at Sunbelt's option, another suitable location.

At least once each quarter, a four-hour regional meeting of licensees is held at the applicable regional training office. These meetings are held to enable office owners to exchange ideas and discuss problems. There is no charge for these meetings, but you must pay for your travel and living expenses.

Sunbelt provides advertising and promotional materials for your use. These items include various classified and display advertisements, and promotional brochures. You will receive copies of all classified advertisements, and a sample of the promotional brochures. Additional copies of the promotional brochures are available at Sunbelt's cost, plus shipping charges. You are responsible for the cost of placing classified and display advertisements. (License Agreement, Section 11A).

At your request, Sunbelt will assist you with your advertising by reviewing your weekly or display advertisements and giving you suggestions for improvement.

New promotional materials that are developed after you open for business will be made available to you at our cost, plus shipping charges.

Before you use them, you must send Sunbelt for review samples of all advertising and promotional materials that Sunbelt has not prepared or previously reviewed. Sunbelt retains the right to require you to cease using any advertising or promotional materials that violate any state or federal laws, rules or regulations or that Sunbelt considers to constitute an unauthorized use of Sunbelt's trademarks. You may not use any advertising or promotional materials that Sunbelt has not approved or has disapproved. (License Agreement, Section 11)

~~Sunbelt does not charge an advertising fee. However, you~~ You are required by the License Agreement to pay a monthly advertising fee of 20% of your ongoing monthly fee to an advertising fund (the "Fund") administered by the franchise advisory counsel (the "Council") established by Sunbelt. The Council will make recommendations regarding the use of Fund monies which must be approved by a majority of Sunbelt Network Business. (License Agreement, Section 11B) ~~9C~~. There is no separate advertising council established by Sunbelt. Sunbelt is not empowered to form an advertising cooperative nor can Sunbelt require any licensee to join any cooperative. Any advertising developed by Sunbelt will be disseminated through the use of national print, radio and television as approved by the Council. Sunbelt's in-house marketing department will produce the advertising materials. Licensor units, if any, must contribute to the Fund on the same basis as licensees. Sunbelt is not required to spend any amount on advertising in the territory where you or any licensee is located. No advertising funds will be used to solicit the sale of licenses. All advertising funds will be spent in the budget year as approved. Any surplus will carry forward to the next year's budget.

The Council will make recommendations concerning the Fund but Sunbelt will administer the Fund and make final determination as to the Fund's use. You may, upon request, receive an annual accounting of fees but such report will not be audited. Sunbelt will not receive any fees for administering the Fund. Because Sunbelt has not yet established the Fund, Sunbelt has received no contributions as of the date of this Offering Circular.

You select the location for your office within your exclusive territory. Sunbelt will, upon request, assist you in determining the proper location for your office.

Licensees usually open their offices within 1 to 3 months after signing the License Agreement. The factors that affect this time are the ability to obtain a lease and delayed installation of equipment and fixtures.

Sunbelt does not have the power to require any licensee cooperatives to be formed, changed, dissolved or merged.

Item 12

TERRITORY

You will receive an exclusive territory. The area covered by your exclusive territory will be agreed to by you and Sunbelt prior to your signing the License Agreement. Generally, territories are defined by counties, zip codes or other geographic determination that will be set forth in Exhibit A to your License Agreement. The minimum territory granted to you will be an area with a population of at least 75,000 people. You may do business with buyers and sellers outside your exclusive territory, but you may not open a business brokerage office, satellite office, home office or advertise in any way an office or telephone number outside of your exclusive territory. Except as noted below, Sunbelt will not operate company-owned offices or grant licensees for the Services using the Marks within your area.

Unless specifically stated otherwise in your license agreement, no additional licenses to offer the Services will be sold within your exclusive territory. In some cases, territories will be designated for more than one license. If you purchase a license within a territory designated as a multi-license territory, you will be given the first option to purchase the additional licensees.

There are no minimum sales quotas. You maintain rights to your area even though the population increases.

Unless specifically agreed to in writing by Sunbelt, you have no option, right of first refusal or any similar right to acquire any additional licenses within your territory or in any contiguous territories.

Sunbelt, and its affiliates, will not establish other franchises or company-owned offices or other channels of distribution selling or leasing similar products or services under a different trademark.

During the license term we may:

(1) sell (or authorize others to sell) services authorized for Sunbelt Network Businesses, using trade names, trademarks, service marks and commercial symbols other than the Marks;

(2) operate and grant to others the right to operate Sunbelt Network Businesses that are located in any other territory;

(3) sell (or authorize others to sell) services other than the Services including but not limited to, consulting services, using the Marks within or outside of the Territory;

(4) purchase or acquire, through merger, acquisition or otherwise, business brokerage businesses, companies or licensors which own or license business brokerage businesses, operating under Names, Marks and Whether such businesses are located within or outside of the Territory; and

(5) Market, promote or sell services relating to or competitive with the Business through other channels of distribution, from and at any location, even in the Territory, under trade names, trademarks or service marks other than the Marks.

Item 13

TRADEMARKS

Sunbelt grants you the right to operate a business brokerage office under the name Sunbelt Business Brokers. You may also use any future trademarks to operate your office. By trademark Sunbelt means trade names, trademarks, service marks and logos used to identify your office. Sunbelt's predecessor registered the following trademarks on the United State Patent and Trademark Office principal register: Sunbelt Business Brokers Logo, Registered October 19, 1993, Registration # 1,799,650; and The Sunbelt Network Logo, Registered July 18, 1995, Registration # 1,905,933. Sunbelt purchased the Marks for its predecessor in 2002.

There are no effective determinations of The United States Patent and Trademark office, the trademark administrator of any state listed in Exhibit D, or any court and no pending litigation involving the Sunbelt trademarks. Sunbelt has filed all necessary affidavits.

You must follow our rules when you use these marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which Sunbelt licenses to you. You may not use Sunbelt's registered name in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Sunbelt.

No agreements limit Sunbelt's right to use or license the use of Sunbelt's trademarks.

You must notify Sunbelt immediately when you learn about an infringement of or challenge to your use of our trademarks. Sunbelt will take the action we think appropriate.

Sunbelt is not required to defend or indemnify you against a claim against your use of our trademarks.

You must modify or discontinue the use of trademarks if Sunbelt modifies or discontinues them. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

Sunbelt does not know of any infringing uses that could materially affect your use of Sunbelt's trademarks.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright, but you can use the proprietary information contained in the following publications:

- i. Office Owner's Ninety Day Guide to Success
- ii. Office Operations Manual
- iii. Office Policy Manual
- iv. Broker's Guide To Success
- v. Broker's Six Week Guide To Success
- vi. Sunbelt Database User's Guide
- vii. Buying the Right Business Right

These publications are described in Item 11. Although Sunbelt has not filed an application for a copyright registration for these publications, it claims a copyright and the information is proprietary. Item 11 describes limitations on the use of this manual by you and your brokers. You must also promptly tell us when you learn about unauthorized use of this proprietary information. Sunbelt is not obligated to take any action but will respond to this information as we think appropriate.

You must not contest Sunbelt's interest in these publications or any other trade secrets.

If Sunbelt decides to add, modify or discontinue the use of any of these publications, you must also do so. Sunbelt's sole obligation is to reimburse you for the tangible cost of complying with this obligation.

Although Sunbelt is not obligated to defend your use of these publications, Sunbelt will reimburse you for damages and reasonable costs incurred in litigation about them.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE LICENSED BUSINESS

Sunbelt does not require that you personally operate the licensed business. The business must be directly supervised "on premises" by you or a manager who has successfully completed Sunbelt's new broker training program. The on-premises manager cannot have an interest or business relationship with any of Sunbelt's business competitors. The manager need not have an ownership interest in a corporate or partnership licensee. The manager must sign a written agreement to maintain confidentiality of the trade secrets described in Item 14.

Each individual who owns an interest in the license entity must sign the License Agreement.

Item 16

RESTRICTIONS ON WHAT THE LICENSEE MAY SELL

You may only use the Sunbelt trademark in connection with offering business brokerage services. Sunbelt does have the right to change the types of authorized goods and services.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the license and related agreements. You should read these provisions in the agreements attached to this offering circular.

	Provision	Section in License Agreement	Summary
a	Term of License	Section 2B	10 years
b	Renewal or extension term	Section 16	405 years
c	Requirements for you to renew or extend	Section 16	You must sign our then-current form of license agreement and sign a general release and pay a \$500 renewal fee
d	Termination by you	Section 14A	You may terminate with 30 days notice

	Provision	Section in License Agreement	Summary
e	Termination by Sunbelt without cause	None	Not applicable
f	Termination by Sunbelt with cause	Section 14B	Sunbelt can terminate if Licensee defaults
g	"Cause" defined – defaults which can be cured	Section 14B	You have 30 days to cure any failure to comply with the provisions of the License Agreement
h	"Cause" defined – defaults which cannot be cured	Section 14B	Non-curable defaults: abandonment of license, transfer of license without Sunbelt's written approval, you plead guilty or no contest to the violation of any law relating to the regulation of your business brokerage business; unapproved transfer; misuse of Confidential Information; repeated violations
i	Your obligations on termination/non-renewal	Section 15	Discontinue using Sunbelt name and trademarks; pay amounts owed; cease use of Confidential Information; no competitive business for 1 year within 50 miles of any Sunbelt Business
j	Assignment of license by Sunbelt	Section 13A	No restriction on Sunbelt's right to assign
k	"Transfer" by you – definition	Section 13B	Transfer of any ownership interest
l	Sunbelt's approval of transfer by licensee	Section 13	Sunbelt has right to approve all transfers
m	Conditions for Sunbelt approval of transfer	Section 9	New licensee qualifies and attends new broker training and transfer fee paid
n	Sunbelt's right of first refusal to acquire your business	None	Not applicable
o	Sunbelt's option to purchase your business	None	Not applicable
p	Your death or disability	Section 13D	If no transfer to third party approved by us within 6 months, license terminates
q	Non-competition covenants during the term of the License	None	Not applicable

	Provision	Section in License Agreement	Summary
r	Non-competition covenants after the license is terminated or expires	Section 15E	No competitive business for 1 year within a 50 mile radius of Territory or any Territory
s	Modification of the agreement	Section 17H	Must be in writing and signed by you and Sunbelt
t	Integration/merger clause	Section 17H	Only License Agreement is binding
u	Dispute resolution by arbitration or mediation	Section 17C	Arbitration under AAA Rules
v	Choice of forum	Section 17C	*In the city closest to the city where our headquarters is located
w	Choice of law	Section 17F	*State where our headquarters is located

*See the State-Specific Additional Disclosures and Riders (Exhibit F) for disclosures regarding state franchise laws.

The following states have statutes that might supersede the License Agreement in your relationship with us, including the areas of termination and renewal of your franchise: ARKANSAS [Ark. Code Sections 4-72-201 to 4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000- to 20043], CONNECTICUT [Gen. Stat. SectionSections 42-133e to 42-133h], DELAWARE [Code Sections 2551- to 2556], HAWAII [Rev. Stat. Section 482E-6], IDAHO [Code Section 29-110], ILLINOIS [815 ILCS Sections 705/19 and 705/20], INDIANA [Stat. Section 23-2-2.5-1 and 23-2-Sections 23-2-2.7], IOWA [Code Sections 523H.1-523H.17Section 537A.10], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Sections 75-24-51 to 75-24-63], MISSOURI [Rev. Stat. Sections 407.400 to 407.410], NEBRASKA [Rev. Stat. Sections 87-401 to 87-410], NEW JERSEY [Rev. Stat. SectionSections 56:10-1 to 56:10-12], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code Sections 13.1-557 to 13.1-574], WASHINGTON [Code Section 19.100.180], and WISCONSIN [Stat. Sections 135.01 to 135.07]. These and other states may have court decisions that supersede the License Agreement in your relationship with us, including the areas of termination and renewal of your licensefranchise.

Item 18

PUBLIC FIGURES

Sunbelt does not use any public figure to promote its license.

Item 19

**EARNINGS CLAIMS
REPRESENTATIONS REGARDING EARNINGS CAPABILITY**

Sunbelt does not furnish or authorize its salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Sunbelt business brokerage office. Actual results vary from office to office and Sunbelt cannot estimate the results of any particular license.

Item 20

LIST OF OUTLETS

Status of Company-owned offices as of December 31, ~~2002-2003~~.

There are no offices owned by the Licensor as of December 31, ~~2002-2003~~.

A current list of all licensees, listed by state, is included in Exhibit E.

~~We currently have no license agreements signed where offices are not open. We also do not expect to open any company owned offices in calendar year 2003.~~

**PROJECTED LICENSE SALES
AS OF DECEMBER 31, 2004**

We expect to sell approximately thirty (30) licenses in calendar year 2003, to be located in the states of Pennsylvania, Illinois, Wyoming, New Mexico, Maryland, Texas, Washington, Ohio, Florida, Idaho, Iowa, Louisiana and Colorado.

<u>STATE</u>	<u>LICENSE AGREEMENT SIGNED BUT OFFICE NOT OPENED</u>	<u>PROJECTED NEW LICENSED OFFICES IN THE NEXT FISCAL YEAR</u>	<u>PROJECTED COMPANY OWNED OPENINGS IN NEXT FISCAL YEAR</u>
<u>Alabama</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>California</u>	<u>0</u>	<u>2</u>	<u>0</u>
<u>Colorado</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Connecticut</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Florida</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Georgia</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Idaho</u>	<u>0</u>	<u>1</u>	<u>0</u>

<u>STATE</u>	<u>LICENSE AGREEMENT SIGNED BUT OFFICE NOT OPENED</u>	<u>PROJECTED NEW LICENSED OFFICES IN THE NEXT FISCAL YEAR</u>	<u>PROJECTED COMPANY OWNED OPENINGS IN NEXT FISCAL YEAR</u>
<u>Illinois</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Indiana</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Kansas</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Kentucky</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Louisiana</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Maryland</u>	<u>0</u>	<u>2</u>	<u>0</u>
<u>Michigan</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Mississippi</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Montana</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Nevada</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>New Hampshire</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>New Jersey</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>New Mexico</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>New York</u>	<u>0</u>	<u>2</u>	<u>0</u>
<u>North Carolina</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Ohio</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Oregon</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Pennsylvania</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>South Carolina</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Tennessee</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Texas</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Virginia</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>Washington</u>	<u>0</u>	<u>1</u>	<u>0</u>
<u>TOTAL</u>	<u>0</u>	<u>33</u>	<u>0</u>

A. LICENSED OFFICE STATUS SUMMARY

AS OF 2002, 2003, 2002 AND 2001 AND 2000

License State	Transfers	Canceled or Terminated	Not Renewed	Reacquired By Franchisor	Left The System Other	Total From Left Columns	Operating at Year End
Alabama	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	65/65/5
Arizona	2/0/14	0/0/0	0/0/0	0/0/0	0/0/14	2/0/14	57/54/3
Arkansas	0/2/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/2/0/0	5/5/5
California	0/1/0/1	0/3/0/0	0/0/0	0/0/0	0/0/0	4/0/1/4	30/33/25/24
Connecticut	0/0/0	0/1/0/0	0/0/0	0/0/0	0/0/0	0/1/0/0	3/2/3/2
Colorado	1/2/1/4	0/0/0	0/0/0	0/0/0	0/0/0	1/2/1/4	76/76/76
Florida	0/20/0	0/0/0	0/0/0	0/0/0	0/0/0	0/20/0	24/24/0/23/0
Georgia	2/0/2	0/0/0	0/0/0	0/0/0	0/1/0	2/1/2	23/22/23
Hawaii	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
Idaho	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
Illinois	1/0/0	1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	10/11/7
Indiana	0/0/1/4	0/0/0	0/0/0	0/0/0	0/1/0/1	0/1/0/1	2/3/2/4
Iowa	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	5/5/2
Kansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	23/23/23
Kentucky	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	32/32/32
Kentucky	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	3/3/3
Louisiana	0/0/1/4	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1/4	64/65/65
Maine	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Maryland	0/1/1/4	0/3/0/0	0/0/0	0/0/0	0/0/0	3/1/1/4	3/7/7/6
Massachusetts	0/1/1/4	0/0/0	0/0/0	0/0/0	0/0/0	0/1/1/4	6/6/2
Michigan	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	10/10/4/3
Minnesota	0/4/0	0/4/0	0/4/0	0/4/0	0/4/0	0/4/0	4/4/2
Mississippi	0/4/0	0/4/0	0/4/0	0/4/0	0/4/0	0/4/0	7/7/7
Missouri	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	64/64/62
Montana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	14/14/17
Nebraska	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	25/25/25
Nevada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	21/21/21
New Hampshire	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	42/42/42
New Mexico	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	32/32/42
New York	0/0/0	1/0/0	0/0/0	0/0/0	0/0/0	1/0/0	1/1/1
North Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/3/3
North Dakota	0/1/0/0	0/1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	82/82/65
Ohio	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	11/11/10/12
Oklahoma	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	8/13/14/43
Oregon	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
Pennsylvania	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	10/9/8
Rhode Island	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
South Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	97/8/87

License State	Transfers	Canceled or Terminated	Not Renewed	Reacquired By Franchisor	Left The System Other	Total From Left Columns	Operating at Year End
South Dakota	+0/1/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Tennessee	0/0/1/0	0/0/0	0/0/0	0/0/0	0/1/0/1	1/0/2/0	75/8/86/7
Texas	0/1/0/0	1/0/0/4	0/0/0	0/0/0	0/0/4/0	2/0/0/4	23/20/24/21/23/22
Utah	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/2
Vermont	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Virginia	0/0/0	0/1/0/0	0/0/0	0/0/0	+0/1/0	1/0/1/0	11/12/13+13
Washington	0/0/0	0/0/0	0/0/0	0/0/0	+0/1/0	+0/1/0	3/4/3/4
Washington D.C.	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Wisconsin	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Totals	11/6/11/0	13/2/0/4	+0/1/0	0/0/0	47/5/2/4	+031/42/14/2/13	296/256/268/273/238/250

B. Name Attached as Exhibit E-1 is the name and last known home address and telephone number of every licensee who had and outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the license agreement during the most recently completed fiscal year or who has not communicated with Sunbelt during ~~2002~~ are as follows: 2003.

~~1. Bob McGinty
— 504 23rd St.
— St. Augustine, FL 32084
— (904) 827-9695~~

~~4. John Palmucci
— 9 Secora Rd.
— Unit K 2
— Monsey, NY 10952-3728
— (914) 629-5311~~

~~2. Lon Langdon
— 8055 West Manchester
— Suite 705
— Playa del Ray, CA 90293
— (310) 574-0055~~

~~5. Pat Williford/Williford, High & Company CPA
— 951 S. McPherson Church Rd.
— Fayettevillen NC 28303
— (910) 323-5559~~

~~3. Bill Bundy
— 24 Walnut Ave.
— Roanoke, VA 24016
— (540) 342-2151~~

Item 21

FINANCIAL STATEMENTS

The following financial statements required to be included with this offering circular are contained in Exhibit B:

Audited Financial Statements as of December 31, 2003.

Audited Opening Balance Sheet as of December 31, 2002.

~~Unaudited Financial Statements as of June 30, 2003.~~

Item 22

CONTRACTS

The License Agreement is included in Exhibit A and the General Release is included in Exhibit G. There are no other agreements related to this offering.

Item 23

RECEIPT

Two copies of the required receipt are included as the last two pages of this circular.