

**FRANCHISE INVESTMENT LAW (EXCERPT)**  
**Act 269 of 1974**

**445.1504a Applicability of act.**

Sec. 4a.

This act shall not apply to a nonprofit organization operated on a cooperative basis by and for independent retailers to which all of the following apply:

- (a) Control and ownership of each member is substantially equal.
- (b) Membership is limited to those who use the services furnished by the organization.
- (c) Transfer of ownership is prohibited or limited.
- (d) Members receive no return on capital investment.
- (e) Substantially equal economic benefits pass to the members on the basis of patronage in the organization.
- (f) Members are not personally liable for obligations of the organization in the absence of a direct undertaking or authorization by the members.
- (g) The wholesale goods and services of the organization are furnished primarily to the members.
- (h) No part of the receipts, income, or profit of the organization are paid to any profit-making entity except for arms-length payments for necessary goods and services.
- (i) Members are not required to purchase goods or services through any profit-making entity.

**History:** Add. 1989, Act 212, Imd. Eff. Nov. 13, 1989