

FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT (this "Agreement") is entered into on the _____ day of _____, 20_____, by and between:

FRANCHISOR:

Name: _____

A _____ (e.g., Corporation, LLC) organized under the laws of the State of _____

Address: _____

Email: _____

Phone: _____

(hereinafter referred to as "Franchisor")

AND

FRANCHISEE:

Name: _____

A _____ (e.g., Individual, Corporation, LLC) organized under the laws of the State of _____

Address: _____

Email: _____

Phone: _____

(hereinafter referred to as "Franchisee")

RECITALS

WHEREAS, Franchisor has developed and owns a unique and proprietary system for establishing and

operating businesses offering _____ (the "Franchise System"), which includes, but is not limited to, distinctive trademarks, service marks, trade names, logos, commercial symbols, trade dress, copyrighted materials, proprietary methods, specifications, standards, operating procedures, marketing techniques, and training programs (collectively, the "Proprietary Marks" and "Proprietary System");

WHEREAS, Franchisor desires to expand the distribution of its products and services and the use of its Proprietary System and Proprietary Marks through qualified franchisees;

WHEREAS, Franchisee desires to obtain a franchise to establish and operate a business utilizing the Proprietary System and Proprietary Marks within a specified territory, in accordance with the terms and conditions set forth herein;

WHEREAS, Franchisee acknowledges that it has received and reviewed the Franchisor's Franchise Disclosure Document ("FDD") at least fourteen (14) calendar days prior to the execution of this Agreement, and has had ample opportunity to consult with independent legal, financial, and business advisors regarding the terms of this Agreement and the FDD;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

I. DEFINITIONS

For the purposes of this Agreement, the following terms shall have the meanings ascribed to them below:

- a. "**Agreement**" means this Franchise Agreement, including all exhibits and schedules attached hereto, as amended from time to time.
- b. "**Confidential Information**" means all proprietary and confidential information, knowledge, and know-how related to the Franchise System, including, but not limited to, trade secrets, operational methods, marketing strategies, customer lists, financial data, and technical specifications.
- c. "**Effective Date**" means the date first written above.
- d. "**Franchise Location**" means the specific address where the Franchisee will operate the Franchised Business, located at _____.
- e. "**Franchise System**" means the comprehensive business system developed by Franchisor for the establishment and operation of businesses offering _____, as described in the Recitals.
- f. "**Franchised Business**" means the business operated by Franchisee under this Agreement, utilizing

the Proprietary System and Proprietary Marks.

- g. "**Manuals**" means the confidential operating manuals, training manuals, and other written or electronic materials provided by Franchisor to Franchisee, containing mandatory and recommended specifications, standards, operating procedures, and policies for the operation of the Franchised Business.
- h. "**Proprietary Marks**" means the trademarks, service marks, trade names, logos, commercial symbols, and trade dress owned by Franchisor and licensed to Franchisee hereunder.
- i. "**Proprietary System**" means the unique and proprietary methods, specifications, standards, operating procedures, marketing techniques, and training programs developed and owned by Franchisor.
- j. "**Territory**" means the geographic area granted to Franchisee, defined as _____.

II. GRANT OF FRANCHISE

- a. **Grant:** Franchisor hereby grants to Franchisee, and Franchisee accepts, a non-exclusive right and license to establish and operate a Franchised Business at the Franchise Location, utilizing the Proprietary System and Proprietary Marks, for a term of _____ years, commencing on the Effective Date.
- b. **Territory:** The Franchisee shall operate the Franchised Business within the Territory. Franchisor reserves the right to establish other franchised or company-owned businesses utilizing the Proprietary System and Proprietary Marks outside the Territory, and to sell products or services through alternative channels of distribution, including the internet, within or outside the Territory.
- c. **No Exclusive Rights:** This Agreement does not grant Franchisee any exclusive territory rights unless explicitly stated otherwise in writing by Franchisor.

III. TERM AND RENEWAL

- a. **Initial Term:** The initial term of this Agreement shall be for a period of _____ (_____) years, commencing on the Effective Date, unless sooner terminated in accordance with the provisions hereof.
- b. **Renewal:** Franchisee shall have the option to renew this Agreement for _____ (_____) additional terms of _____ (_____) years each, provided that at the time of each renewal, Franchisee:
 1. Is not in default of any term or condition of this Agreement or any other agreement with Franchisor;
 2. Has satisfied all monetary obligations to Franchisor and its affiliates;
 3. Executes Franchisor's then-current form of franchise agreement, which may contain materially different terms and conditions, including different fees;
 4. Executes a general release of all claims against Franchisor and its affiliates;

5. Remodels, updates, or refurbishes the Franchised Business premises and equipment to meet Franchisor's then-current standards;

6. Pays a renewal fee of _____ (or Franchisor's then-current renewal fee); and

7. Satisfies all other conditions for renewal as set forth in the Manuals or otherwise communicated by Franchisor.

IV. FEES AND PAYMENTS

a. **Initial Franchise Fee:** Franchisee shall pay to Franchisor an initial franchise fee of _____ (_____ Dollars) upon the execution of this Agreement. This fee is non-refundable.

b. **Royalty Fees:** Franchisee shall pay to Franchisor a continuing royalty fee equal to _____ percent (_____ %) of the Gross Revenues (as defined below) of the Franchised Business. Royalty fees shall be paid _____ (e.g., weekly, monthly) on or before the _____ day of each _____ for the preceding _____ period.

c. **Advertising and Marketing Contributions:** Franchisee shall contribute _____ percent (_____ %) of the Gross Revenues of the Franchised Business to Franchisor's national or regional advertising fund (the "Advertising Fund"). These contributions shall be paid _____ (e.g., weekly, monthly) on or before the _____ day of each _____ for the preceding _____ period. Franchisor shall have sole discretion over the use and allocation of the Advertising Fund.

d. **Local Advertising:** In addition to the Advertising Fund contributions, Franchisee shall spend a minimum of _____ percent (_____ %) of its Gross Revenues on local advertising and marketing approved by Franchisor.

e. **Gross Revenues:** "Gross Revenues" shall mean all revenues and income derived from the operation of the Franchised Business, whether for cash or credit, including, without limitation, sales of products, services, and all other income, less sales tax, returns, and allowances.

f. **Late Payments:** All overdue payments shall bear interest at the rate of _____ percent (_____ %) per month or the maximum rate permitted by applicable law, whichever is less, from the due date until paid. Franchisee shall also pay all costs of collection, including reasonable attorneys' fees.

V. TRAINING AND ASSISTANCE

a. **Initial Training:** Franchisor shall provide initial training to Franchisee and its designated manager(s)

at a location designated by Franchisor, for a period of approximately _____ (_____) days. Franchisee shall be responsible for all travel, lodging, and living expenses incurred by its attendees.

b. **Ongoing Support:** Franchisor shall provide ongoing advice and assistance to Franchisee concerning the operation of the Franchised Business, including periodic visits, telephone consultations, and updates to the Manuals.

c. **Refresher Training:** Franchisor may require Franchisee and its employees to attend additional training programs, seminars, or conferences at Franchisee's expense.

VI. OPERATIONAL REQUIREMENTS

a. **Compliance with Manuals:** Franchisee shall operate the Franchised Business in strict compliance with the standards, specifications, and operating procedures set forth in the Manuals, as they may be updated or amended by Franchisor from time to time.

b. **Approved Suppliers:** Franchisee shall purchase all products, supplies, and equipment required for the operation of the Franchised Business from suppliers approved by Franchisor. Franchisor may, from time to time, designate specific suppliers or require Franchisee to purchase certain items exclusively from Franchisor or its affiliates.

c. **Quality Control:** Franchisee shall maintain the highest standards of quality, service, and cleanliness in the operation of the Franchised Business, consistent with Franchisor's standards. Franchisor or its agents shall have the right to inspect the Franchise Location and operations at any reasonable time.

d. **Hours of Operation:** Franchisee shall operate the Franchised Business during the hours specified by Franchisor in the Manuals or otherwise communicated in writing.

e. **Technology:** Franchisee shall acquire and utilize such computer hardware, software, and other technological systems as Franchisor may reasonably require for the operation of the Franchised Business, including point-of-sale systems and internet connectivity.

VII. PROPRIETARY MARKS

a. **License:** Franchisor grants Franchisee a non-exclusive, non-transferable, revocable license to use the Proprietary Marks solely in connection with the operation of the Franchised Business at the Franchise Location during the term of this Agreement.

b. **Ownership:** Franchisee acknowledges that Franchisor is the sole and exclusive owner of the Proprietary Marks and all goodwill associated therewith. Franchisee shall not acquire any right, title, or interest in the Proprietary Marks other than the license granted herein.

c. **Restrictions:** Franchisee shall not use the Proprietary Marks as part of its corporate or legal name, or in any manner that would infringe upon Franchisor's rights. Franchisee shall not register any domain name, social media handle, or business name incorporating the Proprietary Marks without Franchisor's

prior written consent.

d. **Protection:** Franchisee shall promptly notify Franchisor of any known or suspected infringement of the Proprietary Marks. Franchisor shall have the sole right to take action against infringers, and Franchisee shall cooperate fully with Franchisor in any such actions.

VIII. CONFIDENTIAL INFORMATION

a. **Acknowledgment:** Franchisee acknowledges that the Manuals and all information contained therein, as well as all other information concerning the Proprietary System, constitute Confidential Information and trade secrets of Franchisor.

b. **Non-Disclosure:** Franchisee shall not, during the term of this Agreement or at any time thereafter, disclose any Confidential Information to any third party or use any Confidential Information for any purpose other than the operation of the Franchised Business, except as required by law.

c. **Safeguards:** Franchisee shall take all reasonable steps to protect the confidentiality of the Confidential Information, including requiring its employees and agents to sign confidentiality agreements.

IX. ADVERTISING AND MARKETING

a. **Franchisor's Rights:** Franchisor shall have the right to develop and implement advertising and marketing programs for the benefit of the entire franchise system, including national, regional, and local campaigns.

b. **Franchisee's Obligations:** Franchisee shall participate in all mandatory advertising and marketing programs designated by Franchisor and shall conduct local advertising in accordance with Franchisor's guidelines and approval. All advertising materials used by Franchisee must be approved by Franchisor in writing prior to use.

X. INSURANCE

Franchisee shall, at its sole expense, procure and maintain throughout the term of this Agreement, and any renewals thereof, the following insurance coverages:

a. Commercial General Liability insurance, including contractual liability, with minimum limits of _____ (_____ Dollars) per occurrence and _____ (_____ Dollars) in the aggregate.

b. Property insurance covering the Franchise Location and its contents against all risks of loss, in an amount equal to the full replacement cost.

c. Workers' Compensation insurance as required by applicable law.

d. Business Interruption insurance for a minimum of _____ (_____) months.

All policies shall name Franchisor as an additional insured and shall provide for at least thirty (30) days' prior written notice to Franchisor of any cancellation or material change. Franchisee shall provide Franchisor with certificates of insurance evidencing such coverage upon execution of this Agreement and annually thereafter.

XI. RECORDS AND REPORTS

a. **Books and Records:** Franchisee shall maintain complete and accurate books, records, and accounts of all sales, revenues, and expenses of the Franchised Business in accordance with generally accepted accounting principles.

b. **Reports:** Franchisee shall submit to Franchisor, on forms prescribed by Franchisor, such financial and operational reports as Franchisor may reasonably require, including, but not limited to, weekly/monthly sales reports, profit and loss statements, and balance sheets. All reports shall be submitted by the _____ day of each _____ for the preceding _____ period.

c. **Audits:** Franchisor shall have the right, at its own expense, to inspect and audit Franchisee's books and records at any reasonable time during normal business hours. If an audit reveals an underpayment of fees by more than _____ percent (_____ %) for any period, Franchisee shall reimburse Franchisor for the cost of the audit in addition to the underpaid amounts and applicable interest.

XII. DEFAULT AND TERMINATION

a. **Termination by Franchisor with Notice:** Franchisor may terminate this Agreement upon _____ (_____) days' prior written notice to Franchisee upon the occurrence of any of the following events:

1. Failure to pay any fees or other amounts due to Franchisor within _____ (_____) days after written notice that such payments are overdue.

2. Failure to comply with any material provision of this Agreement or the Manuals, which failure is not cured within _____ (_____) days after written notice thereof.

3. Failure to maintain required insurance coverage.

4. Failure to submit required reports or provide access to books and records.

5. Repeated defaults of any provision of this Agreement, even if cured, demonstrating a pattern of non-compliance.

b. **Immediate Termination by Franchisor:** Franchisor may terminate this Agreement immediately upon written notice to Franchisee upon the occurrence of any of the following events:

1. Franchisee's abandonment of the Franchised Business.
2. Franchisee's insolvency, bankruptcy, assignment for the benefit of creditors, or appointment of a receiver.
3. Conviction of Franchisee or any principal of Franchisee for a felony or any crime involving moral turpitude.
4. Misuse or unauthorized disclosure of Confidential Information or Proprietary Marks.
5. Operation of a competing business or unauthorized franchise.
6. Any act by Franchisee that materially impairs the goodwill associated with the Proprietary Marks or the Franchise System.

c. **Termination by Franchisee:** Franchisee may terminate this Agreement only if Franchisor is in material breach of its obligations hereunder and fails to cure such breach within _____ (_____) days after receiving written notice from Franchisee specifying the breach.

d. **Effect of Termination:** Upon termination or expiration of this Agreement for any reason:

1. Franchisee shall immediately cease all use of the Proprietary Marks and Proprietary System.
2. Franchisee shall immediately de-identify the Franchise Location, removing all signs, advertising materials, and other items bearing the Proprietary Marks.
3. Franchisee shall return to Franchisor all Manuals, Confidential Information, and other materials provided by Franchisor.
4. Franchisee shall pay all outstanding amounts due to Franchisor.
5. Franchisor shall have the option to purchase Franchisee's assets related to the Franchised Business at fair market value, as determined by an independent appraisal.

XIII. POST-TERMINATION OBLIGATIONS AND COVENANTS

a. **Covenant Not to Compete:** For a period of _____ (_____) years following the termination or expiration of this Agreement, Franchisee shall not, directly or indirectly, own, operate, manage, be employed by, or have any interest in any business substantially similar to the Franchised Business within the Territory or within a _____ (_____) mile radius of any existing Franchised Business or company-owned business of Franchisor.

b. **Non-Solicitation:** For a period of _____ (_____) years following the termination or expiration of this Agreement, Franchisee shall not, directly or indirectly, solicit or divert any customers or employees of Franchisor or any other franchisee of Franchisor.

c. **Survival:** The provisions of this Section XIII, and Sections VII, VIII, XIV, XV, XVI, XVII, XVIII, XIX, XX, XXI, XXII, and XXIII shall survive the termination or expiration of this Agreement.

XIV. INDEMNIFICATION

Franchisee shall indemnify, defend, and hold harmless Franchisor, its affiliates, officers, directors, employees, and agents from and against any and all claims, demands, liabilities, losses, damages, costs, and expenses (including reasonable attorneys' fees) arising out of or in connection with: (a) Franchisee's operation of the Franchised Business; (b) any breach by Franchisee of this Agreement; (c) any negligent or willful act or omission of Franchisee or its employees or agents; or (d) any claims for personal injury, property damage, or other losses occurring at or in connection with the Franchise Location.

XV. RELATIONSHIP OF THE PARTIES

The parties hereto are independent contractors. Nothing in this Agreement shall be construed to create a partnership, joint venture, agency, fiduciary, or employment relationship between Franchisor and Franchisee. Franchisee shall have no authority to bind Franchisor or incur any obligations on Franchisor's behalf.

XVI. TRANSFERABILITY

- a. **By Franchisor:** Franchisor shall have the right to sell, assign, or transfer this Agreement or any of its rights or obligations hereunder to any person or entity.
- b. **By Franchisee:** Franchisee shall not sell, assign, transfer, encumber, or otherwise dispose of this Agreement or any interest herein, or any substantial portion of the assets of the Franchised Business, without the prior written consent of Franchisor, which consent may be withheld in Franchisor's sole discretion. Any attempted transfer without such consent shall be null and void.

XVII. NOTICES

All notices, requests, demands, and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given: (a) when delivered personally; (b) one (1) business day after being sent by reputable overnight courier service; (c) three (3) business days after being sent by certified or registered mail, return receipt requested, postage prepaid; or (d) when sent by email with confirmation of receipt, to the addresses set forth below, or to such other address as either party may designate by written notice to the other.

If to Franchisor:

Name: _____

Address: _____

Email: _____

If to Franchisee:

Name: _____

Address: _____

Email: _____

XVIII. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the State of _____, without regard to its conflict of laws principles. The parties agree that any action or proceeding arising out of or relating to this Agreement shall be brought exclusively in the state or federal courts located in _____ County, State of _____, and the parties hereby consent to the personal jurisdiction and venue of such courts.

XIX. SEVERABILITY

If any provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

XX. ENTIRE AGREEMENT

This Agreement, together with its exhibits and schedules, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, between the parties.

XXI. AMENDMENTS

No amendment, modification, or waiver of any provision of this Agreement shall be effective unless in writing and signed by both Franchisor and Franchisee.

XXII. WAIVER

The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver of such provision or of the right to enforce it at a later time. No waiver of any breach of this Agreement shall be deemed a waiver of any subsequent breach.

XXIII. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, and permitted assigns.

XXIV. HEADINGS

The headings of the sections and subsections of this Agreement are for convenience only and shall not affect the interpretation or construction of any of its provisions.

XXV. CONSTRUCTION

The parties acknowledge that they have each had the opportunity to review and revise this Agreement. The rule of construction that ambiguities are to be resolved against the drafter shall not apply in the interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Franchise Agreement as of the Effective Date first written above.

FRANCHISOR:

Signature: _____

Print Name: _____

Title: _____

Date: _____ day of _____, 20 _____

Address: _____

FRANCHISEE:

Signature: _____

Print Name: _____

Title: _____

Date: _____ day of _____, 20 _____

Address: _____