**FRANCHISE AGREEMENT**

* This Franchise Agreement is made and effective this DATE.
* **BETWEEN:**
* *YOUR COMPANY NAME (The Franchisor), a company organized and existing under the laws of the (STATE/PROVINCE), with its head office located at:*
* *YOUR COMPLETE ADRESS.*
* **AND:**
* *FRANCHISE NAME (The Franchise), an individual with his main address located at OR a company organized and existing under the laws of the (STATE/PROVINCE) of (STATE/PROVINCE), with its head office located at:*
* *COMPLETE ADRESS.*
* WHEREAS, Franchisor and certain of its Affiliates own, operate and franchise (DESCRIPTION) throughout (COUNTRY) which, among other things, rent, sell and market (PRODUCT/SERVICE) to the (GENERAL PUBLIC OR CORPORATIONS OR GOVERNMENT); and
* WHEREAS, Franchisor and certain of its affiliates acquire, produce, license market and sell (PRODUCTS/SERVICE); and
* WHEREAS Franchise is willing to purchase on a per Location (the terms initially capitalized in this Agreement, and not otherwise defined herein shall have the respective meanings set forth in Paragraph 16 of this Agreement) basis a specified number of (PRODUCT/SERVICE); and
* WHEREAS, Franchisor is willing to provide various marketing, advertising and promotional services and activities in support of Franchise;
* NOW, THEREFORE, based on the above premises and in consideration of the covenants and agreements contained herein, and intending to be legally bound, the parties agree hereto as follows:

1. **AGREEMENT TERM:**

* *The term of this Agreement shall be for the period (the “Term”), commencing as the date of this Agreement.*
* *Each year of the Term, as measured from the date of this Agreement, is a “Contract Year”.*

1. **TERRITORY:**

* *The territory for purposes of this Agreement with respect to (PRODUCT/SERVICE) shall be (COUNTRY), their territories and possessions (the “Territory”), except with respect to those (PRODUCT/SERVICE) for which Franchise has only (COUNTRY) Distribution Rights, in which case, the Territory with respect to such (PRODUCT/SERVICE) shall be limited to (COUNTRY) and, if and to the extent Franchisor owns or controls such rights, to territories and possessions of (COUNTRY).*

1. **REVENUE SHARING:**

* *Franchisee shall remit to Franchisor (%) of the net profits of its business in the form of (ROYALTIES, ETC.) (DESCRIBE IN DETAILS REVENUE SHARING BETWEEN FRANCHISOR AND FRANCHISEE), Distribution of profits shall be made on the (DAY) of (MONTHS).*

1. **FRANCHISOR COMMITMENTS:**

* *Beginning as of the date of this Agreement for (NUMBER OF LOCATIONS) located in (COUNTRY) within (NUMBER) calendar months hereafter, and for Participating Franchises within (NUMBER) calendar months hereafter, Franchisee agrees as follows:*

**4.1 Purchasing:**

* *The following purchasing requirements shall apply to all Locations and Participating Franchises.*

1. *(FRANCHISE REQUIREMENT)*
2. *(FRANCHISE REQUIREMENT)*
3. *(FRANHISE REUIQREMENT)*

**4.2 Missing Products:**

* *For each (PRODUCT TYPE) that is lost, stolen or otherwise not reasonable accounted for, for more than (SPECIFY) calendar days during the period commencing upon delivery to Franchisor’s distribution center and ending on the last day of the relevant Revenue Sharing Period, Franchisee shall pay (AMOUNT) to Franchisor. For any such (PRODUCT TYPE) Franchisee will reimburse Franchisor the applicable distribution wholesale price less the applicable average Purchase Price received by Franchisee.*

**4.3 Payment:**

* *The parties acknowledge and agree that if Franchisee fails to order (NUMBER OF UNITS) required under Paragraphs 3.1, Franchisee shall pay (AMOUNT) to Franchisor, as liquidated damages, an amount equal to (AMOUNT) for each unit which Franchisee failed to order. If franchisor fails to deliver the number or unites ordered by Franchisee under Paragraph 3.1, Franchisor shall pay to Franchise, as liquidated damages, an amount equal to (AMOUNT) for each unit which Franchisor failed to deliver. The parties hereto expressly agree and acknowledge that actual damages for purposes of this Subparagraph would be difficult to ascertain and that the amount set forth above represents the parties’ reasonable estimate of such damages.*

**4.4 Marketing:**

* *With respect to advertising of (PRODUCT/SERVICE), Franchisee agrees to consult with Franchisor and to keep Franchisor reasonably appraised of its marketing plans and activities and to comply with Franchisor’s then-current customary marketing support policies and practices to the extent they are reasonable and practicable. Franchisor shall have the right to approve such plans, and Franchisee shall provide a timely opportunity for said approval by Franchisor. Franchisor shall exercise its approval rights in a timely and reasonable manner.*
* *Should Franchisee fail to comply in good faith with its obligations under Paragraph 3.4, Franchisor* *shall be entitled to give written notice to Franchisee of such failure. In no event shall Franchisor be obligated to provide such advertising which it would otherwise have been obligated to provide during such time as Franchisor’s obligations hereunder were suspended because of Franchisee’s failure to fulfill its obligations under this Paragraph 3.4.*

**4.5 Participating Franchises:**

* *While Franchisee cannot guarantee that its Franchises will adopt the Agreement, Franchisee will use good faith commercially reasonable efforts to recommend adoption of the Agreement to its Franchises and anticipates a high level of adoption thereby. Franchisor hereby agrees that each Participating Franchise shall execute a letter agreement, which has been approved by Franchisee in form and substance, in favor of Franchisor, agreeing to be bound by the terms and conditions of this Agreement as if it were a party hereto (the “Participating Franchise”). Franchisee shall be liable for each Participating Franchise’s performance of its financial obligations hereunder as if such Participating Franchise were a Location. Franchisor shall have the right to proceed against Franchisee for money only for any failure of a Participating Franchise to fully perform the financial terms and condition of this Agreement. Participating Franchises shall be subject to the same terms and conditions under the Agreement as Locations, unless specifically designated otherwise. Implementation of the Agreement at the Franchise level and Franchise payments there under will be administered by Franchisor.*

**4.6 Placement:**

* *Franchisee shall exercise good faith commercially reasonable efforts to maximize revenue on the (SALE OR RENTAL) of (PRODUCT/SERVICE). At all items during the entire Revenue Sharing Period, Franchisee shall make available for (SALE OR RENTAL) at each Location all of the (PRODUCT/SERVICE) purchased for such Location.*

**4.7 Packing and Shipping:**

* *Franchisor will be solely responsible for making (PRODUCT/SERVICE) ready for consumer (PURCHASE/RENTAL) and for shipping the (PRODUCT/SERVICE) from its distribution center to Franchisee’s Location.*

**4.8 Returns and Exchanges:**

* *The purchase requirements set forth in Paragraph 3.1 shall not be subject to any returns by Franchisee. Franchisor will exchange defective or damaged products. Defective products shall mean those that are mechanically defective, MISPACKAGED, physically blemished or contain extraneous material.*

**4.9 Location Count:**

* *Franchisee will report to Franchisor on a calendar month basis the number of currently operation Locations, including Participating Franchises, non-participating Franchises, New Franchisor Locations and recently closed Locations.*

1. **COMMITMENTS:**
   1. **Marketing Support:**

* *In lieu of specific marketing support programs such as rebate, co-op and MDF programs, and as payment for services and in consideration for the various other services and activities which Franchisee has agreed to perform hereunder for the benefit of Franchisor, such as sales and rental reporting functions, Franchisor agree to credit on a per (PRODUCT/SERVICE) basis (on the relevant invoice) Franchisee with marketing support funds in the most of (SPECIFY) OR of in the amount of (SPECIFY PERCENTAGE) of the Purchase Price generated by (PRODUCT/SERVICE). Marketing Support Funds shall not be used to advertise, promote or otherwise market product not distributed by Franchisor. In addition to Marketing Support Funds, Franchisor shall continue to provide customarily utilized by Franchisor:*
* Franchise shall use all of the Marketing Support Funds to advertise in measured media (PRODUCT/SERVICE). With respect to said advertising of (PRODUCT/SERVICE), Franchisee agrees to consult with Franchisor and to keep Franchisor reasonably appraised of its marketing plans and activities and to comply with Franchisor then-current customary marketing support policies and practices to the extent that they are reasonable and practicable.
* With respect to (SPECIFY PERCENTAGE) of the Marketing Support Funds, Franchisor and Franchisee shall jointly determine how said monies will be used to advertise, promote or otherwise market (PRODUCT/SERVICE).
* Franchisor shall use (SPECIFY PERCENTAGE) of the Marketing Support Funds for (IN-STORE/ON-LOCATION) (PRODUCT/SERVICE) specific marketing and promotion.

1. **ELECTRONIC REPORTING:**

* *At no cost or expense to Franchisor, Franchisee will provide to Franchisor, electronically, daily access to all Franchises (PRODUCT/SERVICE) information along with weekly summaries, in such form as may be reasonably specified by Franchisor from time to time, of all performance information as to Franchisee’s data, daily inventory and daily Revenue from each Location on a Location by Location, (PRODUCT/SERVICE) by (LOCATION) basis.*

1. **REVIEW:**

* *Within (SPECIFICY NUMBER OF DAYS) calendar days following the end of each Contract Year, the parties shall meet and in good faith review the terms of this Agreement. Should no agreement, be reached between the parties with respect to adjusting or amending the terms of the Agreement, the then current terms of the Agreement shall remain in full force and effect. Within the (SPECIFIC NUMBER OF DAYS) calendar days following the end of the (SPECIFY) month on the Term, either party may give (NUMBER) months notice to terminate the Agreement. If such notice is given by either party, from such notification forward, Franchisee shall have no right or obligation to purchase additional (PRODUCT/SERVICE) under this Agreement and Franchisor shall be relieved of any right or obligation to sell (PRODUCT/SERVICE) to Franchisee under this Agreement.*

1. **TERMINATION:**

* *The following transactions or occurrences shall continue material events of default by the applicable party hereunder such that, in addition to and without prejudice to or limiting any other rights and remedies available to the non-defaulting party at law or in equity the non-defaulting party may elect to immediately and prospectively terminate this Agreement at the sole discretion of the non-defaulting party by giving written notice thereof to the other party at any time after the occurrence of an Event of Default setting forth sufficient facts to establish the existence of such Event of Default.*
  1. **Material Breach:**
* *A material breach by a party of any material, covenant, material warranty, or material representation contained herein, where such defaulting party fails to cure such breach within (NUMBER) calendar days after receipt of written notice thereof, or within such specific cure period as is expressly provided for elsewhere in this Agreement, or*
  1. **Insolvency and/or Bankruptcy:**
* *A party makes an attempt to make any arrangement for the benefit of creditors, or a voluntary or involuntary bankruptcy, insolvency or assignment for the benefit of creditors of a party or in the event of any auction or proceeding as instituted relation to any of the foregoing and the same is not dismissed within (NUMBER) calendar days after such institution.*

1. **PUBLIC DISCLOSURE AND CONFIDENTIALITY:**
   1. **Public Disclosure:**

* *Each party agrees that no press release or public announcement relating to the existence or terms of this Agreement (including within the context of a trade press or other interview of advertisement in any media) shall be issued without the express prior written approval of the other party hereto.*
  1. **Confidential Information:**
* *During the Term and for a period of (SPECIFY YEARS/MONTHS) thereafter, Franchisee and Franchisor shall hold, and shall cause each of their directors, officers, employees and agents to hold in confidence the terms of this Agreement (including the financial terms and provisions hereof and all information received pursuant to or developed in accordance with this Agreement) specifically including but not limited to the Franchisor. Franchisee and Franchisor hereby acknowledge and agree that all the information contained in relation to or furnished pursuant to this Agreement, not otherwise know to the public, is confidential and proprietary and is not to be disclosed to third parties without the prior written consent of both Franchisee and Franchisor.*

1. **NO RIGHT TO USE NAMES:**

* *Neither Franchisee nor Locations Nor Participating Franchises shall acquire any right to use, not shall use any copyrights, trademarks, characters or designs owned or controlled by Franchisor or any of its Affiliates, including without limitation, the names (SPECIFY), alone or in conjunction with other words or names, in any advertising, publicity or promotion, either express or implied, without Franchisor’s prior consent in each case, and in no case shall any Franchisee or Location advertising, publicity, or promotion, express or imply any endorsement of the same.*
* *Franchisee shall not acquire any right to use, nor shall use the name (SPECIFY) alone or in conjunction with other words or names, or any copyrights, trademarks, characters or designs of the same in any advertising, publicity or promotion, either express or implied, without Franchisor’s prior consent in each case, and in no case shall any Franchisee advertising publicity or promotion, either express or imply any endorsement of the same.*

1. **ASSINGMENT:**

* *This Agreement and the rights and licenses granted hereunder are personal and neither party shall have the rights to sell, assign, transfer, mortgage, pledge nor hypothecate (each an “Assignment”) any such rights or licenses in whole or in part without the prior written consent of the non-assignment part, nor will any of said rights or licenses be assigned or transferred to any third party by operation of law, including without limitations, by merger or consolidation or otherwise, provided, however, that an Assignment pursuant to or resulting from a sale of all or substantially all of the assets or all or a majority of the equity of Franchisee to any Person to Persons or any other form of business combination, such that the Franchisee business as currently existing remains, substantially intact, including, without limitation, a sale to the public, shall not require such consent so long as such Assignment is not to (SPECIFY), and provided further that any Assignment by (i) Franchisee, to (SPECIFY) or (ii) Franchisor to any Affiliate of Franchisor.*

1. **AUDIT RIGHTS:**

* *During the term and continuing until (SPECIFY) months following the date of expiration or earlier termination of this Agreement Franchisor may, audit the financial books, information systems and records of Franchisee as reasonably necessary to verify Franchisee’s compliance with its obligations under this Agreement.*
* *Such audit shall be at the sole cost and expense of Franchisor (unless such audit reveals that payments due to Franchisor of any (SPECIFY) month period were understated by more than (SPECIFY) percent, in which case, in addition to all other rights which Franchisor may have, Franchisee shall promptly reimburse Franchisor to the extent of its reasonable out-of-pocket costs of such audit.*
* *Franchisor may not audit more than twice per year (and no much audit shall continue for more than (NUMBER) calendar days from this date the auditors are given access to the applicable records).*

1. **FRANCHISOR’S REPRESENTATIONS AND WARRANTIES:**

* **Franchisor represents and warrants that:**
* *It is a corporation organized and existing under the laws of (SPECIFY COUNTRY AND/OR STATE/PROVINCE) with its principal place of business in (SPECIFY COUNTRY).*
* *The undersigned has full right, power and authority to sign this Agreement on behalf of Franchisor.*
* *The execution, delivery and performance of this Agreement do not and will not, violate any provisions of (COUNTRY) articles or certificates of incorporation and bylaws, or any contract or other Agreement to which Franchisor is a party.*
* *There is no broker, finder or intermediary involved in connection with the negotiations and discussions incident to the execution of this Agreement, and no broker, finder agent or intermediary who might be entitled to a fee, commissions or any other payment upon the consummation of the transactions contemplated by this Agreement.*

1. **FRANCHISEE’S REPRESENTATIONS AND WARRANTIES:**

* **Franchisor represents and warrants that:**
* *It is a corporation organized and existing under the laws of (SPECIFY COUNTRY AND/OR STATE/PROVINCE) with its principal place of business in (SPECIFY COUNTRY).*
* *The undersigned has full right, power and authority to sign this Agreement on behalf of Franchisee.*
* *There is no broker, finder or intermediary involved in connection with the negotiations and discussions incident to the execution of this Agreement, and no broker, finder agent or intermediary who might be entitled to a fee, commissions or any other payment upon the consummation of the transactions contemplated by this Agreement.*

1. **REMMEDIES:**

* *No remedy conferred by any of this specific provisions of this Agreement is intended to be exclusive of any other remedy which is otherwise available at law, in equity, by statute or otherwise, and except as otherwise expressly provided for herein, each and every other remedy shall be cumulative and shall be an addition to every other remedy given hereunder or now or hereafter existing at law, in equity, by statute or otherwise and no provision hereof shall be construed so as to limit and party’s available remedies in the event of a breach by the other party hereto.*

1. **DEFINITIONS:**

* *“Affiliate” shall mean an entity in which either party has a controlling interest.*
* *“Franchisee” shall mean all Franchisee Locations which Franchisee informs Franchisor are Franchises.*
* *“Laws” shall mean all international, federal, national, state, provincial, municipal or other laws, ordinances, orders, statuses, rules or negotiations.*
* *“Locations” shall mean by Location in (COUNTRY) or (COUNTRY), which, at any time during the Term of this Agreement, is wholly owned and/or operated by Franchisee, whether or not such Location is operated under the “Franchisee” trademarks. Should Franchisee undertake to own or operated outlets different than the outlets it has traditionally operated, such as by way of examples kiosk, carts, “Locations within a Location”, “rack jobbing” operations or vending machines, the parties shall negotiate in good faith to agree upon terms for the inclusion of such retail outlets in this Agreement.*

1. **MISCELLANEOUS:**

* *This Agreement shall not constitute any partnership, joint venture or agency relationship between the parties hereto. The parties shall be considered independent contractors.*
* *This Agreement, together with the attached (EXHIBITS IF INCLUDED), embodies the entire understanding of the parties with respect to the subject matter hereof and may not be altered, amended or otherwise modified except by an instrument in writing executed by both parties.*
* *The headings in this Agreement are for convenience of reference only and shall not have any substantive effect.*
* *All rights and remedies granted to the parties hereunder are cumulative and are in addition to any other rights or remedies that the parties may have at law or in equity.*
* *Should any non-material provision of this Agreement be held to be void, invalid or inoperative, as a matter of law the remaining provisions hereof shall not be affected and shall continue in effect as though such unenforceable provision(s) have been deleted here-from.*

1. **GOVERNING LAW:**

* *This Agreement shall be governed by, and construed under, the laws of (STATE/PROVINCE) of (STATE/PROVINCE).*
* *IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.*