FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is made on _____, 20____ (the "Effective Date").

Franchisor (the owner of the brand and system): _____, mailing address _____.

Franchisee (the person or company that will run the franchised business): _____, mailing address _____.

1. FRANCHISE DISCLOSURE DOCUMENT

The Franchisee received the Franchisor's Franchise Disclosure Document with an issuance date of _____ on _____, at least 14 calendar days before signing this Agreement or any other binding agreement with the Franchisor or its affiliate, and before paying the Franchisor or an affiliate anything. If the Franchisor changed this Agreement materially on its own, the Franchisee received the final form at least 7 calendar days before signing.

This Agreement is not a disclosure document. The Franchisor is responsible for preparing and delivering its disclosure document and for any state franchise registration or filing that applies. Signing this Agreement does not show compliance with the FTC Franchise Rule (16 C.F.R. part 436) or any state franchise law.

2. GRANT, MARKS AND LOCATION

The Franchisor grants the Franchisee the right to operate one _____ business under the _____ name, marks and system (the "Franchised Business"). The Franchisor owns the marks and their goodwill, and the Franchisee will use them only as the Franchisor prescribes.

Location (check one): [ ] the approved location at _____; [ ] a site within _____ that the Franchisee will propose within _____ days and the Franchisor will approve or reject within 30 days; [ ] a home-based or mobile business run from _____. The Franchisee will open within _____ days after the Effective Date.

Territory (check one): [ ] exclusive: _____, subject to the Franchisor's reserved rights to sell online and at non-traditional venues; [ ] non-exclusive: _____; [ ] no territory.

3. TERM AND RENEWAL

The Term is _____ years from the Effective Date. Renewal (check one): [ ] one successor term of _____ years if the Franchisee gives 6 to 12 months' notice, is not in default, remodels to current standards, signs the then-current agreement, pays a renewal fee of $_____ and signs a release; [ ] no right to renew.

This general template is provided for informational purposes only and does not constitute legal advice. Requirements vary by state and locality; review current law and attach any disclosures or addenda your situation requires before signing. For a guided state-specific document, visit lawvault.org.

4. FEES

Initial franchise fee: $_____, due on signing. Refund (check one): [ ] none; [ ] refunded less documented costs if no site is approved or training is not completed.

Royalty: [ ] _____% of Gross Sales; [ ] $_____ per period. Brand marketing fund: [ ] _____% of Gross Sales; [ ] $_____ per period; [ ] none. Paid [ ] weekly [ ] monthly by electronic funds transfer. "Gross Sales" means all revenue of the Franchised Business, less sales taxes and customer refunds.

Late amounts bear interest at the lower of _____% per month or the highest rate the governing law allows (leave blank for no interest).

5. TRAINING, OPERATIONS AND SUPPLIES

The Franchisee and its manager will complete about _____ days of initial training. The Franchisor will give access to its confidential Operations Manual, which the Franchisee will follow as updated.

The Franchisee will meet the Franchisor's quality standards, allow inspections, keep every permit and license, and buy supplies (check one): [ ] from approved suppliers; [ ] designated items from the Franchisor or its designee; [ ] from any supplier meeting the specifications.

The Franchisee will report Gross Sales with each payment, send monthly and annual financial statements, keep records for 3 years and allow audits. An underpayment of more than 2% makes the Franchisee pay the audit cost.

6. INSURANCE AND INDEMNITY

The Franchisee will carry (check all that apply): [ ] general liability; [ ] property; [ ] workers' compensation; [ ] auto; [ ] professional liability; [ ] liquor liability, with limits of at least $_____ per occurrence, naming the Franchisor as an additional insured.

The Franchisee will indemnify the Franchisor against third-party claims arising from the Franchised Business. The Franchisor will indemnify the Franchisee against claims that its authorized use of the marks infringes another's trademark.

7. CONFIDENTIALITY AND NON-COMPETITION

The Franchisee will keep the Operations Manual and the Franchisor's other confidential information secret during and after the Term.

During the Term, the Franchisee and its owners will not take part in a competing business. After the Term (check if it applies): [ ] for _____ years, not within _____ miles of the location, the territory or any other outlet of the brand, to the extent the governing law allows. Some states, including California, limit or forbid such covenants.

This general template is provided for informational purposes only and does not constitute legal advice. Requirements vary by state and locality; review current law and attach any disclosures or addenda your situation requires before signing. For a guided state-specific document, visit lawvault.org.

8. TRANSFER, DEFAULT AND TERMINATION

The Franchisee may not transfer this Agreement or the Franchised Business without the Franchisor's written consent, which will not be unreasonably withheld if the buyer qualifies and completes training, all amounts are paid, a transfer fee of $_____ is paid and a release is signed. Check if it applies: [ ] the Franchisor has a 30-day right of first refusal.

The Franchisor may end this Agreement without a cure period for serious defaults (failure to open, abandonment, felony, unauthorized transfer, misuse of confidential information, repeated defaults), after 10 days' notice for unpaid amounts, and after _____ days' notice for other uncured breaches. Applicable state law that requires longer notice controls.

When this Agreement ends, the Franchisee will stop using the marks and system, pay all amounts owed, remove the trade dress, return the Operations Manual and transfer phone numbers, domain names and listings.

9. OWNERS' GUARANTY

If the Franchisee is a company, each owner who signs below as Guarantor personally guarantees every obligation of the Franchisee and agrees to be bound by the confidentiality and non-competition terms. Guarantors: _____.

10. GOVERNING LAW AND GENERAL TERMS

The laws of the State of _____ govern this Agreement. Disputes will be resolved (check one): [ ] in the courts of _____ County; [ ] by mediation, then court; [ ] by binding arbitration.

The Franchisee is an independent business and controls its own employees. This Agreement and the Operations Manual are the complete agreement, but nothing in them disclaims any representation in the disclosure document. Changes need a signed writing. If any part is unenforceable, the rest stays in effect. This Agreement may be signed in counterparts and electronically. Date signed: _____.

Additional terms: _____

SIGNATURES

Franchisor

Signature: _____ Date: _____

Printed Name: _____

Franchisee

Signature: _____ Date: _____

Printed Name: _____

This general template is provided for informational purposes only and does not constitute legal advice. Requirements vary by state and locality; review current law and attach any disclosures or addenda your situation requires before signing. For a guided state-specific document, visit lawvault.org.

Guarantor

Signature: _____ Date: _____

Printed Name: _____

This general template is provided for informational purposes only and does not constitute legal advice. Requirements vary by state and locality; review current law and attach any disclosures or addenda your situation requires before signing. For a guided state-specific document, visit lawvault.org.