

FRANCHISE AGREEMENT

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This Franchise Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and between:

[FRANCHISOR LEGAL NAME], a [STATE] [ENTITY TYPE, e.g. corporation] with its principal place of business at [FRANCHISOR ADDRESS] ("**Franchisor**"); and

[FRANCHISEE LEGAL NAME], a [STATE] [ENTITY TYPE / INDIVIDUAL] with its principal place of business or residence at [FRANCHISEE ADDRESS] ("**Franchisee**").

Franchisor and Franchisee are each a "**Party**" and together the "**Parties**."

Recitals. Franchisor has developed and owns a distinctive system for operating [TYPE OF BUSINESS, e.g. quick-service restaurants] under the trademarks, trade names, and service marks identified in this Agreement (the "**System**" and the "**Marks**"). Franchisee wishes to obtain, and Franchisor wishes to grant, the right to operate a single franchised business using the System and the Marks at the location described below, on the terms stated in this Agreement. The grant of a franchise is regulated in many jurisdictions, and the Parties acknowledge that a separate franchise disclosure document has been or will be provided as required by applicable law before signing. In consideration of the mutual promises below, the Parties agree as follows.

1. Grant of Franchise

1.1 Grant. Franchisor grants Franchisee the non-exclusive right and license to operate one franchised business (the "**Franchised Business**") using the System and the Marks at the location described in **Exhibit A** (the "**Approved Location**"), and Franchisee accepts that grant, subject to the terms of this Agreement.

1.2 No exclusive territory unless stated. Franchisee receives no exclusive, protected, or reserved territory except as expressly described in **Exhibit B** (the "**Territory**"). Franchisor reserves all rights not expressly granted, including the right to operate or license others to operate businesses under the Marks or other marks, including through alternative channels such as online sales, except as limited in **Exhibit B**.

1.3 Relocation. Franchisee may not relocate the Franchised Business without Franchisor's prior written consent, which will not be unreasonably withheld if the proposed location meets Franchisor's then-current site criteria.

1.4 Personal operation. Franchisee, or a trained manager approved by Franchisor, will devote full time and best efforts to the operation of the Franchised Business.

2. Term and Renewal

2.1 Initial term. The initial term of this Agreement begins on the Effective Date and continues for [NUMBER, e.g. 10] years, unless terminated earlier under this Agreement.

2.2 Renewal. Franchisee may renew for [NUMBER] successive terms of [NUMBER] years each if, at the time of each renewal: (a) Franchisee is not in default; (b) Franchisee signs the then-current form of franchise agreement, which may differ materially from this Agreement; (c) Franchisee completes any required refurbishment of the Approved Location; and (d) Franchisee pays the then-current renewal fee.

2.3 Renewal notice. Franchisee will give Franchisor written notice of intent to renew not less than [NUMBER, e.g. 6] months and not more than [NUMBER] months before the end of the then-current term.

3. Fees and Payments

3.1 Initial franchise fee. Franchisee will pay Franchisor a one-time initial franchise fee of [AMOUNT] on signing this Agreement, which is fully earned on payment and, except as required by applicable law, non-refundable.

3.2 Royalty. Franchisee will pay a continuing royalty of [PERCENTAGE]% of Gross Sales, payable [WEEKLY / MONTHLY]. "Gross Sales" means all revenue from the Franchised Business, excluding sales taxes collected and remitted to taxing authorities and bona fide refunds.

3.3 Marketing contribution. Franchisee will contribute [PERCENTAGE]% of Gross Sales to a marketing or advertising fund administered by Franchisor, which Franchisor will use for the general promotion of the System without obligation to spend it in or for Franchisee's specific market.

3.4 Method and timing of payment. Franchisee authorizes Franchisor to collect royalties, contributions, and other amounts by electronic funds transfer. Payments not made when due accrue interest at the lesser of [e.g. 1.5%] per month or the maximum rate permitted by applicable law.

3.5 Reporting. Franchisee will deliver sales and financial reports in the form and frequency Franchisor reasonably requires, and will keep complete books and records for at least [NUMBER] years.

4. Trademarks and System Standards

4.1 License of Marks. Franchisee may use the Marks only in the manner Franchisor authorizes and only in connection with the Franchised Business. Franchisee acquires no ownership interest in the Marks and will not register or attempt to register any of the Marks or any confusingly similar mark.

4.2 Goodwill. All goodwill arising from Franchisee's use of the Marks inures solely to Franchisor's benefit.

4.3 System standards. Franchisee will operate the Franchised Business in strict conformity with the standards, specifications, and procedures in Franchisor's confidential operations manual, as Franchisor may update it from time to time (the "Manual"). The Manual is loaned, not sold, and remains Franchisor's Confidential Information.

4.4 Approved products and suppliers. Franchisee will offer only the products and services Franchisor authorizes and will purchase items meeting Franchisor's specifications from suppliers Franchisor has approved.

4.5 Quality control. Franchisor or its agents may inspect the Approved Location during business hours to verify compliance with System standards.

5. Training and Support

5.1 Initial training. Franchisor will provide an initial training program for Franchisee and its designated manager. Franchisee is responsible for travel, lodging, wages, and other expenses of attendees.

5.2 Ongoing support. Franchisor will provide reasonable ongoing guidance, including periodic updates to the Manual and access to System resources, in the manner and to the extent Franchisor determines.

5.3 Additional training. Franchisor may require additional or refresher training, and may charge a reasonable fee for training beyond the initial program.

6. Franchisee Covenants and Obligations

6.1 Compliance with law. Franchisee will obtain and maintain all licenses, permits, and approvals required to operate the Franchised Business and will comply with all applicable laws, including employment, health, safety, and tax laws.

6.2 Insurance. Franchisee will maintain the types and amounts of insurance Franchisor reasonably requires, naming Franchisor as an additional insured, and will provide certificates of insurance on request.

6.3 Confidentiality. Franchisee will hold the Manual, System know-how, and all non-public information disclosed by Franchisor ("**Confidential Information**") in confidence, will use it only to operate the Franchised Business, and will not disclose it except to personnel who need it and are bound by confidentiality obligations.

6.4 Non-competition. During the term and for **[NUMBER, e.g. 2]** years after it ends, Franchisee will not own, operate, or assist a business that competes with the System within **[GEOGRAPHIC SCOPE]**, to the extent permitted by applicable law. The Parties intend this covenant to be enforced to the fullest extent the governing jurisdiction allows, and a court may reduce its scope to make it enforceable.

7. Transfer and Assignment

7.1 Franchisee transfer. Franchisee may not transfer this Agreement, the Franchised Business, or any ownership interest in Franchisee without Franchisor's prior written consent. Franchisor may condition consent on, among other things, the transferee's qualification, completion of training, payment of a transfer fee, and execution of the then-current franchise agreement.

7.2 Right of first refusal. Before any proposed transfer to a third party, Franchisee will offer Franchisor the right to purchase the interest on the same terms, which Franchisor may exercise within **[NUMBER]** days of receiving written notice of the proposed transfer.

7.3 Franchisor assignment. Franchisor may assign this Agreement freely, including to a successor in connection with a sale or reorganization.

8. Default and Termination

8.1 Termination by Franchisor for cause. Franchisor may terminate this Agreement on written notice if Franchisee materially breaches and fails to cure within **[NUMBER, e.g. 30]** days after written notice, or immediately for specified serious defaults such as abandonment of the Franchised Business, insolvency, repeated breaches, unauthorized use of the Marks, or conduct that threatens public health or safety, in each case to the extent permitted by applicable law.

8.2 Effect of termination. On termination or expiration, Franchisee will: (a) immediately stop operating under the System and using the Marks; (b) return the Manual and all Confidential Information; (c) de-identify the Approved Location; and (d) pay all amounts owed to Franchisor.

8.3 Post-term obligations. The confidentiality and non-competition obligations in Section 6 survive termination or expiration in accordance with their terms.

8.4 Cure periods and notices. All termination notices and cure periods are subject to any longer notice or cure rights required by the franchise or relationship laws of the governing jurisdiction, which control to the extent they conflict with this Section.

9. General Provisions

9.1 Independent contractors. The Parties are independent contractors. Nothing creates a partnership, joint venture, agency, fiduciary, or employment relationship, and neither Party may bind the other.

9.2 Indemnification. Franchisee will indemnify and hold Franchisor harmless from claims arising out of the operation of the Franchised Business, except to the extent caused by Franchisor's own negligence or willful misconduct.

9.3 Governing law and venue. This Agreement is governed by the laws of the State of **[STATE]**, without regard to its conflict-of-laws rules, except that any franchise or business-opportunity law of the jurisdiction where the Franchised Business operates that applies notwithstanding the Parties' choice of law will control to the extent it applies. The Parties submit to the courts located in **[COUNTY, STATE]**.

9.4 Entire agreement; amendment. This Agreement, with its exhibits, is the entire agreement between the Parties on its subject and supersedes prior discussions, except for any disclosures legally required to be made before signing. It may be amended only by a writing signed by both Parties, except that Franchisor may modify the Manual and System standards as provided in this Agreement.

9.5 Notices. Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt.

9.6 Severability and waiver. If any provision is unenforceable, the rest remains in effect, and the unenforceable provision will be modified to the minimum extent needed to make it enforceable. A Party's failure to enforce a provision is not a waiver.

9.7 Counterparts and electronic signature. This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

FRANCHISOR

FRANCHISEE

Signature: _____

Signature: _____

Printed name: **[NAME]**

Printed name: **[NAME]**

Title: **[TITLE]**

Title: **[TITLE / N/A]**

Date: _____

Date: _____

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