# Franchise Contract

The terms and conditions presented below represent an agreement between [Parent Company] and [Franchisee] with regard to the opening of a new franchise. The contact is valid beginning [Start Date] and will extend to [End Date], at which point it will be terminated unless an extension is agreed upon.

The Franchisee agrees to enter this contract under the terms and conditions presented below. Amendment, addition, or termination of these terms is subject to regulation by local and federal laws.

## Franchise Establishment

The Franchisee desires to establish and operate a franchise at [Business Address], subject to the terms and conditions of this agreement, and conditioned upon the Franchisee’s continued adherence to the standards and practices of the Parent Company.

Entering into this agreement will permit the Franchisee to use the brand, marketing materials, and presentation of the Parent Company as long as this agreement remains valid.

## Franchise Costs

During the term of this agreement, the Franchisee agrees to pay a percentage of total sales equaling [\_\_\_\_\_]% . This amount will be paid on a quarterly basis with quarters beginning on January 1st, April 1st, July 1st, and October 1st of each calendar year. Failure to provide these franchise costs may result in termination of the franchise license and the immediate cease and desist of all sales activities, until the matter is properly resolved.

## Franchise Premises and Design

The franchise will be located at [Business Address] for the duration of this agreement. The premises will meet the design requirements of the parent company at all times, with notice provided to the corporate office of any major renovations. The premises will be ready to open for business no later than [Date of opening].

The Franchisee will not commence business operations at the premises until a duly designated representative of the Parent Company has confirmed that it meets all the franchise requirements set forth.

The Franchisee does not have the right to relocate or conduct sales away from the premises established as the place of operation.

## Term and Renewal

This contract is valid for a period of ten years from the date of the agreement. The agreement remains in effect as long as both parties remain in accordance with the provisions of this contract.

The Franchisee shall have the opportunity to continue business operations during a second ten year term if a written request for grant of renewal is submitted no less than 90 days prior to the contract’s expiration date. If the Franchisee is found to have operated within the terms of the contract, and if there is no reason to reject such a request, a renewal term of ten years will be granted.

## Gross Sales

The franchise fee shall be paid as a percentage of gross sales from the Franchisee’s business operations. Gross sales are defined as all revenue derived from the sale at regular prices prior to the application of any sales or discounts of all merchandise. Excluded from this total are the incidental sale of gift cards, sales taxes, excise taxes, and the sale of equipment or fixtures used on the premises.

The Parent Company reserves the right at any time to request a comprehensive audit of all sales-to-date. In such a case, a full and detailed record of all sales shall be provided no less than 30 days from the time the request is made in writing.

## Good Business Practices

The Franchisee is required to do everything legally possible to maintain profitability and market exposure during the term of this contract. This includes the expenditure of a reasonable portion of resources for advertising and marketing. Failure to properly promote the business, or the deliberate implementation of poor business practices, may lead to the termination of this contract.

## Law and Jurisdiction

All terms of this agreement are subject to the jurisdiction of [State and Country Name] and are subject to all laws and regulations therein. Any claim against either the Parent Company or the Franchisee will be subject to rulings by the appropriate local and federal courts.

## Communication

Any notice, communication, or statement relating to this contract shall be delivered in writing and deemed effective upon delivery if delivered in person, upon transmission if delivered by verified facsimile transmission, or when delivered via registered or certified mail.

## Prior Agreements

This agreement supersedes any and all prior negotiations, undertakings, and agreements between the Parent Company and the Franchisee. Each party acknowledges this fact and agrees that neither party has made any claims or promises related to this agreement that are not specified herein.

## Verification

In witness whereof, the parties specified herein have executed this agreement on the day and year specified above.

|  |  |  |
| --- | --- | --- |
| **Franchisee** |  | **Parent Company** |
|  |  |  |
|  |  |  |
|  |  |  |