

ABC INC.
AREA DEVELOPMENT
AGREEMENT

Dated: _____

AREA DEVELOPMENT AGREEMENT

THIS AGREEMENT made as of the ____ day of _____, ____.

BETWEEN:

("Regional Franchisor")

AND:

("Developer")

AND:

(collectively, "Guarantor")

WHEREAS Regional Franchisor has been granted by ABC Inc., ("Franchisor"), in accordance with a Regional Franchise Agreement dated _____, the right to use and sublicense throughout _____ certain rights and interests as follows:

- A. the "ABC " name and such other related trademarks, trade names, service marks, logotypes, insignias, trade dress and designs as Franchisor may expressly authorize from time to time (the "Marks") for use in connection with the development, operation and maintenance of "ABC " Franchise Location (the "Franchise Location"); and
- B. Franchisor's processes, trade secrets and procedures for the operation of such Franchise Location, including advertising, sales techniques, materials, signs, exterior decoration and décor, bookkeeping and accounting methods, and in general, a style, system and method of business operation developed through and by reason of its prior business experience (the "System").

AND WHEREAS Regional Franchisor licenses others to use the System and Marks in conjunction with the operation of Franchise Location featuring year-round, one-on-one APPROVED SERVICES and such other products and services as may be authorized from time to time (the "Franchised Business");

AND WHEREAS Developer wishes to establish and operate several Franchised Businesses in the Development Area, as hereinafter defined, and during the time periods set forth below.

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



DEFINITIONS

For the purposes of this Agreement the following terms will have the following meanings:

“Arbitration Site” means the city closest in driving distance to the Developer that has a population of 1,000,000 or more residents, described in Schedule “A” hereto;

“Area Development Fee” means the fee described in Section 6 as the Area Development Fee;

“Development Area” means the development area described in Schedule “A” hereto;

“Development Schedule” means the schedule of franchised Franchise Location to be opened during the Term, as described in Schedule “A” attached hereto;

“Franchise Agreement” means the agreement to be entered into by Regional Franchisor and Developer, pursuant to the terms of this Agreement, with respect to the operation of a Franchised Business by Developer under license from Regional Franchisor;

“Franchisee” means Developer in its role as operator of a Franchised Business under a Franchise Agreement with Regional Franchisor; and

“Franchise Fee” means the fees described in Section 6 hereto as Franchise Fee;

“Franchise Fee Credit” means the credit of fees described in Section 6 hereto as Franchise Fee Credit;

“Mark” means the “ABC ” trademark and service mark and any other trademark, trade name, distinctive name, service mark, certification mark, or logo design designated by Franchisor on the date of this Agreement or thereafter from time to time for use in connection with the operation of Franchise Location.

"Term" has the meaning assigned in Section 4.

GRANT OF RIGHTS

Regional Franchisor grants to Developer the right, subject to the terms and conditions of this Agreement, to establish Franchised Businesses in the Development Area. The rights granted hereunder are personal to Developer and may not be assigned, sold or transferred by Developer, except as expressly provided for in this Agreement. Developer may not franchise or sublicense other persons to develop or operate a Franchised Business in the Development Area.

PROTECTION AND RESERVATION OF RIGHTS

So long as this Agreement remains in effect and Developer complies with all the provisions of this Agreement and any other agreement entered into between Regional Franchisor and Developer, and Developer has complied with and is complying with the Development Schedule, Regional Franchisor:

shall not enter into a Franchise Agreement for the development or operation of any Franchised Business in the Development Area with anyone other than Developer; and

shall not establish any Franchised Business within the Development Area.

Regional Franchisor reserves the right, for itself and its affiliates, to (a) develop, operate, franchise and sub-franchise others to develop and operate Franchised Businesses at any location outside the Development Area on any terms and conditions Franchisor or Regional Franchisor deem appropriate; and (b) establish, operate, franchise and sub-franchise any business, other than businesses featuring APPROVED SERVICES services, at any location inside or outside the Development Area using names and marks other than the Marks.

TERM

The term of this Agreement shall be for a period equal to the length of the Development Schedule (the "Term"), unless sooner terminated as hereinafter provided.